TITLE: PENSIONS & INVESTMENTS

*****FILM EXCERPTS ONLY*****

Accession number: C2710 - 2

Issue Date: Nov. 12, 1991

PAGES TO BE FILMED:

Cover: ✓

Title page: _____

Table of contents/copyright pages: p. 2

Other:

4, 8, A1 ~~1~~ 8 - A14, 42, 44, 46, 48-50, 52, 54,

56, 58, 60, 62-63, 64-68,

C2710-2

In two sections

©Entire contents copyright 1990 by Crain Communications Inc. All rights reserved.

November 12, 1990

#880E**********5-DIGIT 20814
FNZ
#040526692 5#01PI02326 99
STATISTICAL REFERENCE INDEX
4520 EAST-WEST HWY SU 800
BETHESDA MD 208-

Pensions & Investments

The Newspaper of Corporate and Institutional Investing

$8 An Issue / $127 A Year

AT DEADLINE

Barron quits Virginia

Timothy R. Barron, director of external assets management and former chief investment officer of the $12 billion Virginia Retirement System, Richmond, has left to head up a new Cleveland office for Wyatt Asset Services Inc.

At Wyatt, Mr. Barron has the responsibility of developing a client base in Ohio, Kentucky and western Pennsylvania.

Wisconsin board cleared

State of Wisconsin Investment Board members and staff did not know of former board member Edward Hales' link to a lobbyist who brought real estate investments to the board, according to the board's general counsel.

The review also found the board followed its usual requirements and procedures in the transactions, which appear to be performing satisfactorily.

S. Africa pullout ebbs

Foreign disinvestment from South Africa has slowed significantly since the peak in 1987. So far this year, only seven companies withdrew from the country, compared with 56 in 1987, according to the Investor Responsibility Research Center.

Assets shifting

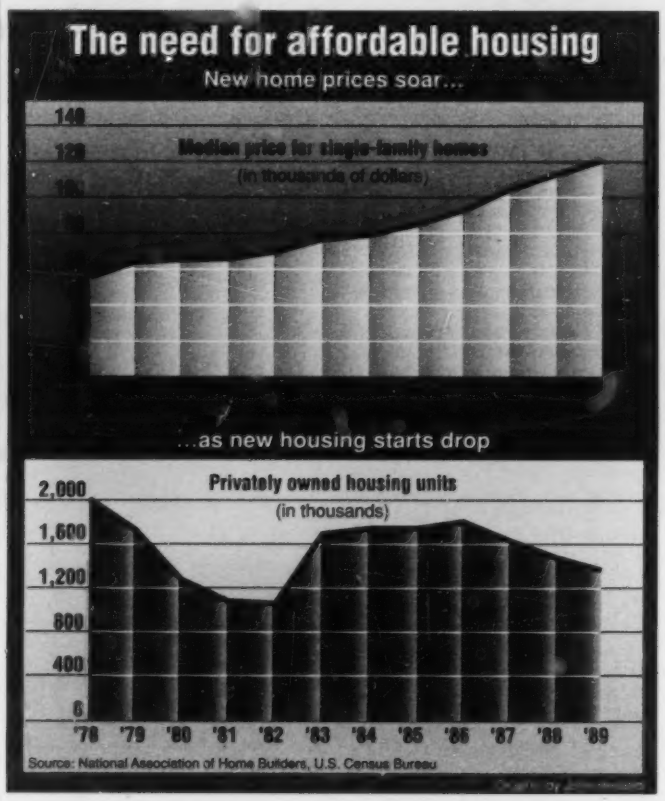
Metro Airlines Inc., Dallas, has hired AMR Investment Services to manage assets in its newly created 401(k) plan . . . W R Lazard & Co. and Smith Barney Capital Management will split evenly and manage separately $610 million of fixed-income assets they have co-managed since 1987 for the New York City Employees and New York City Teachers retirement systems.

INSIDE

Learning the hard way

The perils of using an interest rate swap to cut the expense on a multimillion-dollar debt and reacting with emotions instead of a systematic approach come to life for one Midwestern company. See Commentary, page 16.

Funds on move to house America



Tap local, federal groups as partners

By Joel Chernoff and Hillary Durgin

WASHINGTON — Pension funds are pushing into "affordable housing" for low- and middle-income individuals.

Responding to pressing needs to provide alternative financing for cash-starved and out-of-reach housing markets, pension funds are cautiously moving into these markets in a variety of ways.

Affordable housing is being defined in two ways: the ability to acquire a home, particularly for first-time homebuyers, and the creation of inexpensive rental units for low-income people. Both types of programs hold out great political appeal.

Among the major initiatives:

- The New York City Partnership, a powerful consortium of business and civic leaders, is pressing Housing and Urban Development Secretary Jack Kemp to get the Department of Labor to ease off its requirement that pension funds receive the "prevailing rate" on mortgage investments.

Meanwhile, Rep. Edward Markey, D-Mass., has introduced legislation that would permit collectively bargained single-employer plans to transfer some surplus pension assets into housing assistance programs, a new type of employee benefit authorized by Congress earlier this year.

- Major public pension funds, including those in Pennsylvania and New York City, have made sizable investments in specially designed mortgage-backed securities that aim to make housing more accessible to middle-income workers.
- Union funds — particularly those in the building and construction trades — are boosting investments in this area, especially where they create new jobs for members.

The AFL-CIO Housing Investment Trust, which invests in union-built projects, for example, has seen its assets increase to $311 million as of Sept. 30, up 25% from $248 million a year before. And that doesn't include $80 million in new commitments recently made by state funds in California and Ohio, marking the first time public funds have invested in the trust.

- The General Board of Pensions of the United Methodist Church has allocated $25 million to housing initiatives designed to provide housing to low-income workers.
- The Harvard Management

See **Housing push** *on page 75*

Indiana voters veto stock investments

Indiana voters last week narrowly defeated a state constitutional amendment that would have allowed public pension funds to invest in equities.

And in New York and Connecticut, incumbents won in state races where handling of pension funds had been an issue.

In Indiana, voters rejected by 51% to 49% a constitutional amendment that would have lifted a 139-year-old ban on equity investments by state pension funds. A similar measure was narrowly defeated in 1986.

The amendment would have affected the $3.5 billion Indiana Public Employees' Retirement Fund, the $2 billion Indiana State Teachers' Retirement Fund and the $174 million Indiana State Police Pension Fund. Officials at those funds declined to comment on the defeat.

A study done by William M. Mercer Inc. for the state's Pension Management Oversight Commission had noted additional money the public employees' fund would have made with equity investments through the years (*P&I*, Oct. 30, 1989). Also, teachers' groups had lobbied in favor of the amendment.

With legislation recently passed in West Virginia to allow state pension funds to invest in equities, Indiana and South Carolina are the only states that prohibit stock investments.

In New York, Republican State Comptroller Edward V. Regan narrowly defeated Democrat Carol Bellamy. According to unofficial figures from the New York State Elections Board in Albany, Mr. Regan captured 50% of the electorate compared with Ms. Bellamy's 47%.

Pension-related issues brought up during the campaign included Ms. Bellamy's call for replacing the New York State & Local Retirement Systems' sole trusteeship with a seven-member board of trustees. Mr. Regan is the sole trustee.

Mr. Regan, however, also has called on the Legislature to change the sole trustee system.

Ms. Bellamy, a former president of the New York City Council, also charged Mr. Regan does not review the pension fund's investment managers frequently enough and that the $47 billion fund should invest a portion of its assets in state.

The final days of the campaign became heated with Ms. Bellamy's

See **Election** *on page 73*

The financing subsidiary of IBM Corp. extended its program to the general public and could raise up to $2 billion.

Tapping new wells

Finance subs seek cash from employees

By Marlene Givant Star

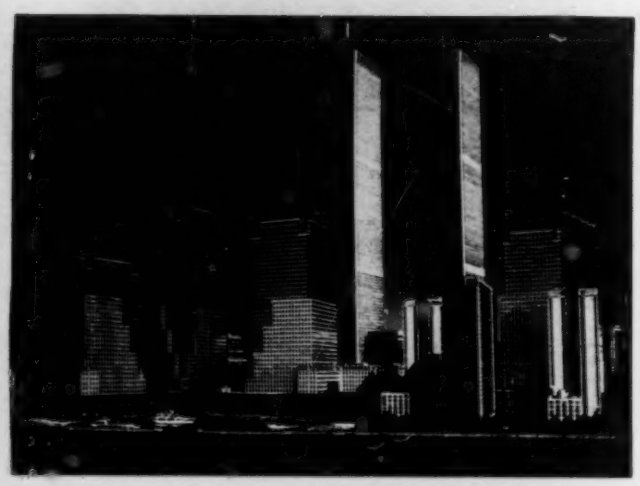
MORRISTOWN, N.J. — Financial service subsidiaries of large U.S. corporations increasingly are looking to employees and the general public as an ample and low-cost new financing source.

On Oct. 23, AT&T Capital Corp. became the fourth finance company to announce a money market account program for current and retired AT&T employees and their immediate families. AT&T registered with the Securities and Exchange Commission $500 million of variable-denomination floating-rate demand notes to be sold through the program.

To date, the three finance com-

See **Employee cash** *on page 73*

NEWS DIGEST



Olympia & York (USA), owner of New York's World Financial Center, is selling a 20% stake in the realty firm to ease the debt burden on its parent company's balance sheet. Page 18.

SPECIAL REPORT: CONSULTANTS

Few clients are scurrying toward asset allocation revisions despite predictions of a gloomy economy, several consultants say. Page 41.

The president of Callan Associates sees a resurgence in defined benefit plans on the horizon. Page 41.

FINANCING

The financing subsidiaries of four major U.S. corporations are turning to employees and the general public as a new source for low-cost capital. Page 1.

The merger of two medical products companies promises to give shareholders a healthy touch in their investment portfolios. Page 12.

INTERNATIONAL

Idaho, Oregon and New Jersey are taking some innovative approaches to foreign investing. Page 2.

The Hungarian economy still suffers the effects of communist rule, making it an inopportune time for pension investment there. Page 2.

REAL ESTATE

Tax-exempt institutional investors are moving toward helping Americans cope with out-of-reach housing markets. Page 1.

Shopping Centers and Pension Funds — a joint venture of *Pensions & Investments* and MONITOR — explores the relationships between the funds and the retail centers in a special section. Page 21.

DEPARTMENTS

Classified	72	Money movers	69
Commentary	16	Opinion	14
Frontlines	8	Portfolio management	70
Letters	16	Shopping centers	21

Vol. 18, No. 24 — Pensions & Investments (ISSN 0273-5466) is published biweekly with a special edition in May by Crain Communications, Inc., 740 Rush St., Chicago, Ill. 60611-2590. Second class postage paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to Pensions & Investments, Circulation Dept. 965 E. Jefferson, Detroit, Mich. 48207.

Minority addendum scheduled

Pensions & Investments' **will run an addendum to its Oct. 15 directory of minority- and female-owned financial services firm during the first quarter of 1991. Those firms not included in the Oct. 15 issue that wish to be included in the addendum, should call Sabine Schramm at (312) 649-5407 to obtain a questionnaire. The deadline for obtaining a questionnaire is Nov. 30; the deadline for returning the questionnaire is Dec. 10.**

State funds push overseas

New Jersey, Idaho, Oregon innovate in foreign arenas

Three public employee pension funds are making diverse international investment moves.

- The internally managed $30 billion New Jersey Division of Investment will invest $200 million in non-U.S. investments beginning this quarter, and possibly more than $1 billion in the next year in its first international commitment.
- The $11.1 billion Oregon Public Employes' Retirement System bought $4 million of the securities of 10 publicly traded Canadian and British property companies, and has committed another $20 million to its adviser, Alex. Brown Kleinwort Benson, Baltimore, to buy securities of publicly traded property companies in France and Spain.
- The $1.6 billion Public Employees Retirement System of Idaho has revamped its international investments by taking control of the regional allocation and assigning managers to those areas.

New Jersey's first step into international investment is an unusual one, beginning with bonds. Its investments, however, are expected to spread to international equities.

At stake is about $1.3 billion the division may invest internationally. The division is allowed to invest up to 5% of its book value in foreign securities, and foreign equities may comprise up to 40% of that total, or just more than $500 million.

The division already has vaulted such obstacles as the need to hire a New Jersey-based global custodian — Bankers Trust of New Jersey, Jersey City — and has started addressing the need to invest in South Africa-free stocks by sending letters to foreign companies to gauge their level of business in South Africa.

The international move took even firmer root Nov. 7, when Donald Haroz, most recently chief economist/international portfolio strategist with Creditanstalt International Advisers Inc., New York, joined the division as senior international portfolio manager.

At first blush, the timing of New Jersey's initial foreign investing might not seem propitious. For the first nine months of 1990, for instance, the Morgan

See **States** *on page 74*

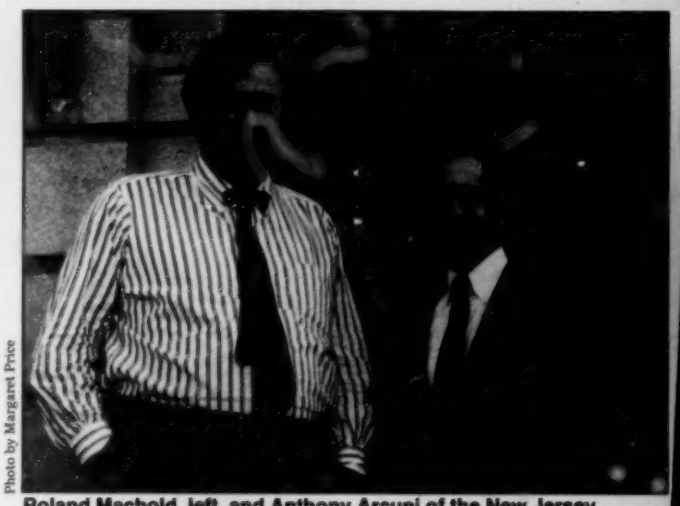


Photo by Margaret Price

Roland Machold, left, and Anthony Arcuni of the New Jersey Division of Investment, which is moving into international investing.

Ontario funds to enter markets

Toronto, the capital of Ontario where billions will be available for capital markets.

By Curtis Vosti

TORONTO — More than $3.5 billion in newly available Canadian pension assets will be invested in capital markets each year for at least the next several years.

The assets come from two Ontario pension funds that were granted freedom this year from the Ontario provincial government — freedom to gain control over their combined assets of more than $21 billion of non-negotiable, non-marketable government debentures and invest it as they see fit. (All figures are in U.S. dollars.)

On Nov. 1, the nearly $7 billion Public Service Pension Board of Ontario began investing its first $65 million into the capital markets. Earlier this year, the Ontario Teacher's Pension Plan Board hired its first two managers.

For each of at least the next three years, the Teacher's Board expects to have available more than $2.5 billion for investments, and more thereafter; the Public Service Pension Board expects to have available nearly $1 billion a year for the next 10 years.

"There's going to be an influx of money into the markets, which will be good for growth," said Michael Butera, a consultant with Segal Advisors Ltd., Toronto.

Canadian pension funds totaled nearly $150 billion in book value at the end of 1989, not including the two Ontario funds, he said, and their influx is expected to be a part of the anticipated doubling of Canadian pension fund investments in the next five years.

Because Canadian law still limits foreign investments to 10% of portfolios (a proposal for a five-step increase to 20% has yet to be enacted), the lion's share of

See **Canada** *on page 75*

Trip opens eyes but not wallets

By Steve Hemmerick

Hungarian government officials got a surprise when visiting Americans — representing 30 pension plans — failed to write out checks for investment in their country.

Pension investors, who in October trekked to Budapest, said they were approached several times by Hungarians asking for the bank checks they thought the Americans would bring.

Robert McLaughlin, assistant director for the $21 billion Ohio Public Employees' Retirement System, said there is a "worldwide shortage of capital" and the Hungarians were "very open" about their need for capital.

But several pension officials said they wouldn't invest directly there or in other Eastern European countries because of lingering damage to the economies.

The decision of plan sponsors not to invest in Hungary immediately was particularly disappointing to Hungarian government officials, said William Gordon, a vice president with Dimensional Fund Advisors, Santa Monica, Calif.

The group, representing $200 billion in tax-exempt assets, was in Budapest to attend Pensions in the '90s IV, a conference hosted by Bear, Stearns & Co., New York.

It was the first conference for U.S. public pension funds ever held in Eastern Europe, said Philip A. Schaefer, a managing director in the San Francisco office of Bear, Stearns, who led the conference. Hungarian officials were virtually "pleading" for capital from the visitors asking directly

See **Hungarian trip** *on page 73*

Denver Investment Advisors, Inc.

633 Seventeenth Street; Suite 1800
Post Office Box 17487
Denver, Colorado 80217

Dennis E. Larkin
Vice President
(303) 293-5588

Equity ■ Balanced ■ Fixed Portfolios

Administration foils coal board tax plan

By Hillary Durgin

WASHINGTON — Bush administration opposition to a proposed industrywide coal tax has undermined efforts by an independent commission to reach a consensus on how to finance health benefits for mineworkers.

Last week the 12-member, blue-ribbon [illegible] Commission was scheduled to release two separate proposals on how to fund and provide health-care benefits to retired mineworkers and their dependents.

Labor Department officials intervened during the commission's final days, in response to non-union coal company opposition, to say the administration would not accept an industrywide tax as a potential solution, said Henry H. Perritt Jr., vice chairman of the commission and professor at Villanova University School of Law, Villanova, Pa.

The commission, which once unanimously viewed the tax as the only solution to the problem, then scrambled to develop a more palatable option, said Mr. Perritt, who supports the tax. The panel's formal title is the Advisory Commission on United Mine Workers of America Retiree Health Benefits.

"The real loss here is that the commission, made up of private citizens . . . was prepared to exert some leadership and take some risks that perhaps the administration was not in a position to take, and we lost that opportunity," Mr. Perritt said in an interview.

But a Labor Department spokesman said outgoing Labor Secretary Elizabeth H. Dole gave her view on the tax when asked by the commission's chairman.

"She is very conscious of the fact that health benefits and retiree health benefits have always been private-sector matters," said

See **Coal** *on page 72*

CORRECTIONS & CLARIFICATIONS

- A chart ranking **global custodians** by U.S. tax-exempt assets on page 47 of the Oct. 1 issue had an incorrect footnote; there was no double-counting of assets among the firms on that section.
- The following profile was omitted inadvertently from *P&I*'s **Cash Services 1991** issue.

Citizens & Southern National Bank of Georgia, C&S/Sovran Corp.
P.O. Box 4899, Atlanta, Ga. 30302-4899; (404) 581-3108

Collection Services
Lockbox: retail, wholesale, network
Lockbox network: Imagenet and C&S/Sovran wholesale lockbox network
Network: Stand-alone sites
Electronic transmittal of lockbox data
Saturday/Sunday processing
Disbursement Services
Controlled with delayed funding reports presented at 8:30 a.m. and 10 a.m.
Authenticity verification: PIN numbers and automated call back
Information Services
Services Offered (terminal initiated): Wire transfers; stop payments; letters of credit; ACH transactions; CHIPS and SWIFT.
TABRS: In-house
Same-day reporting
Next-day reporting
ACH capability
CCD originate/receive
CCD+ originate/receive
CTP originate/receive
PPD originate/receive
CTX originate/receive
International Services
Foreign exchange trading
Consulting Services
Stand-alone consulting unit
Investment Management Services
Sweep and separate accounts
Other Services
NCCMA account analysis standard: 1st quarter, 1991
Transmission of account analysis in ANSI standards
Account reconciliation system: DISC
Other financial EDI service
Charges
BECR: 7.8%
Compensating balances required to offset $100 in fees: $17,700
Bank Information
Chief corporate cash management executive: Rhen Cain, executive vice president
Contact person: John Parker, vice president

The Oregon Public Employes Retirement System

has completed the conversion of its international assets to

Morgan Stanley Trust Company

as Global Custodian in association with

First Interstate Bank of Oregon

as Master Custodian

Morgan Stanley Global Securities Services
1251 Avenue of the Americas, New York, New York 10020
(212) 703-4432

Morgan Stanley Trust Company
1 Evertrust Plaza, Jersey City, New Jersey 07302
(201) 915-3901

The Oregon Public Employes Retirement System and **First Interstate Bank of Oregon** have appointed Morgan Stanley Trust Company sole global custodian for the $1.1 billion in overseas equities and debt securities in its pension fund.

The challenge was to create a fully automated network linking The Oregon Public Employes Retirement System; twelve fund managers (including one in Paris, one in Frankfurt and two in London); two consultants; a securities lending function in Los Angeles; and First Interstate Bank of Oregon.

The advanced technology and dedicated personnel of Morgan Stanley assured both that the system would be capable of fully integrating the services required, and that the conversion would be smoothly managed from start to finish.

Morgan Stanley Global Securities Services is continually redefining the quality of global custody and its standards of service. We currently support institutional investors in 30 countries, with fixed income and equity assets of more than $14 billion.

TRADERS

CBOT group eyes animals' futures

■ Some members of the Chicago Board of Trade are investing in a different kind of future — the future of endangered species.

A group of traders, concerned about the environment, set up the Chicago Board of Trade Endangered Species Fund in December 1988. Since then, the fund has raised $100,000 from 134 CBOT members to support the Chicago Zoological Society's conservation efforts. Trustees recently authorized the first grants from the fund.

A total of $2,000 will go toward publication of a manuscript concerning the international conservation of wild sheep and goats; $2,000 toward publication of a book detailing the proceedings of a recent conference, co-sponsored by the society, on management and conservation of small populations; and $1,500 toward a Costa Rican rain forest project of the Chicago Rainforest Action Group.

"A number of members just felt we should do something," said Jerry Manne, an independent trader on the fund's advisory committee and a Zoological Society trustee. "There's a lot more interest around the world in the environment." Other committee members are Frank DiMaria, Ralph Goldenberg, Roger Griffin, Ed Krasjewski Sr. and Alan Zatopa, all CBOT traders.

The advisory committee will continue to review conservation projects in need of funds and make recommendations to the Zoological Society trustees.

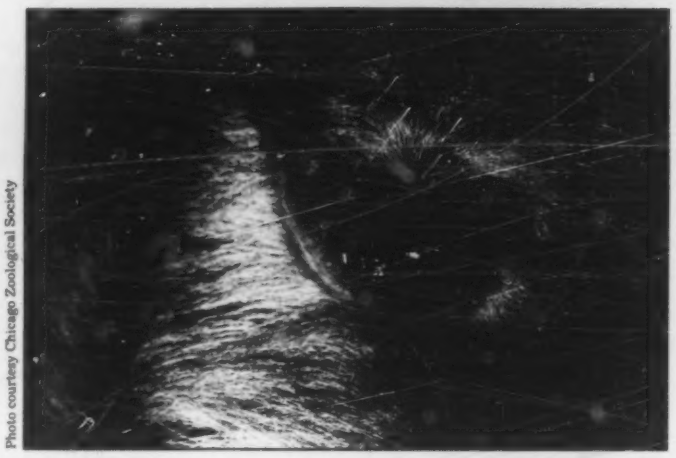


Photo courtesy Chicago Zoological Society

Chicago Board of Trade members have contributed to preservation of a rain forest in Costa Rica, where such species as the two-toed sloth dwell.

Photo by Michael Marcotte

L.B. "Tom" Thompson rejoins his former Ameritech boss.

PEOPLE

Ameritech loses 2nd fund exec

■ Lloyd B. "Tom" Thompson has left as director-real estate of the pension fund for American Information Technologies Corp., Chicago, a company spokeswoman confirmed.

Mr. Thompson joins Equity Financial and Management Co., Chicago, where he will be reunited with Don Phillips, former chief investment officer of Ameritech. The two men will work together marketing The Equity Group's investment subsidiary, Equity Institutional Investors to institutional investors.

Equity Institutional Investors will solicit institutional investors for the Zell/Chillmark equity fund and the Zell/Merrill Lynch II real estate fund.

Ameritech also has hired Heitman Advisory Corp. to oversee its real estate investments, according to pension professionals familiar with the company.

CORPORATIONS

This isn't a form letter, but . . .

■ It's the next best thing to canned speeches, something every corporate director and officer will find handy and essential, the publisher says.

Don't waste valuable time crafting letters to shareholders, employees, customers and suppliers who raise concerns about the companies you watch over. Buy "The Director's and Officer's Complete Letter Book," published by Prentice-Hall. It even comes with a guarantee that you'll get the results you want.

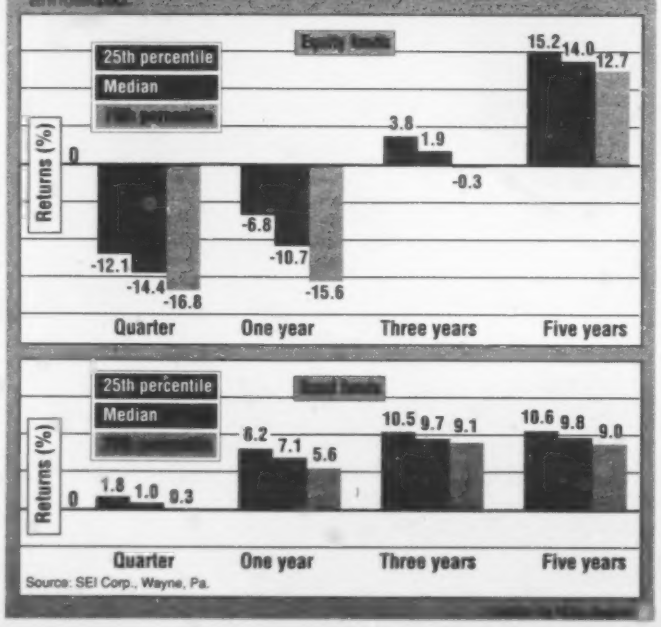
The book will provide a standard source for all letters and replies dealing with a wide variety of subjects. According to the marketing material, the book provides 133 letters and 988 alternate phrases, sentences and paragraphs. The latter can be mixed and matched to create just the right letter or reply.

Among other things, the book features 10 letters for special situations with 114 alternate paragraphs, nine letters to stockholders with 35 alternate sentences and paragraphs, and 13 letters to gain employee cooperation with 78 alternate sentences and paragraphs.

SEI universe performance

(Periods ended Sept. 30)

The S&P 500 Stock Index returned -13.8% for the quarter, -9.2% for the year, 1.9% for three years and 14.9% for five years. The Salomon Brothers Broad Index returned 1%, 7.7%, 10.7% and 10.4% respectively. Returns for periods greater than one year are annualized.



Source: SEI Corp., Wayne, Pa.

RETIREE MEDICAL

Hewitt study confirms expectations

■ To no one's total surprise, a new survey by Hewitt Associates found the median annual expense for retiree medical care will rise dramatically when the new Financial Accounting Standards Board accounting rule for post-retirement medical benefits becomes effective in 1993.

According to Hewitt, the median annual medical cost for retirees is 1.1% of active payroll. Under the new rule, the median annual expense is expected to jump to 6.25% of payroll. The FASB accounting rule will require firms to convert from the current pay-as-you-go accounting to an accrual basis.

The Hewitt survey of 463 medium and large employers nationwide also found only 11% of employers are pre-funding for retiree medical benefits.

According to the survey, the median annual cost for plans covering retirees under age 65 is $2,246 per retiree and $1,033 for retirees after age 65 (when Medicare is the primary source of coverage). The median per-retiree FASB expense reported by employers is $9,464.

About half (49%) of surveyed employers have estimated their retiree medical liabilities under the proposed FASB standards.

FASB is expected to give its final approval to the new accounting regulation in November.

Investment management median fees (in basis points)

Portfolio size	Equity	Fixed income	Balanced
$10 million	73	45.00	65.0
$25 million	60	38.58	59.0
$50 million	55	32.00	50.0
$100 million	50	28.00	43.5
$150 million	50	27.00	40.0

Source: Quan-Vest Consultants Inc., Manhasset, N.Y.

MANAGERS

Fees rose almost 8% during year

■ Investment management fees rose an average of 7.9% during the 12 months ended June 30, according to a random survey of 82 money managers by Quan-Vest Consultants Inc., Manhasset, N.Y.

The survey found equity managers increased fees an average of 9.8%, while fixed-income managers boosted fees an average of 9.1%. Balanced managers increased fees 5.2%. Most of the fee hikes were incurred for accounts of $50 million or more. The fee schedules represent those proposed to new accounts.

INVESTING

Bankers put twist in bond portfolio

■ High-yield bonds may be on the outs, but investment bankers are still dreaming up ways to market them.

Institutional investors recently purchased a portfolio of high-yield corporate bonds of 47 issuers in 22 industries.

This is the first time a collateralized bond obligation includes deferred interest bond collateral in its portfolio. A deferred interest bond is a debt instrument that accrues interest for a specified number of years before paying a fixed cash coupon.

U.S. Treasury strips were purchased to fill in the missing coupon payments during the deferred interest bond's accrual period. The resulting synthetic security is initially of higher credit quality than the deferred interest security because of the guaranteed cash flow stream from the Treasuries, according to Moody's Investors Service.

Other similar deals are in the pipeline, according to Andre Kosovych, managing director, Donaldson, Lufkin & Jenrette Inc., which privately placed the securities with insurance companies and money managers.

To date, only about 20 securitized high-yield deals have been done. Most of the securities were privately placed in Europe.

In this transaction, Moody's assigned a rating of Aa2 to the Class A bonds and a rating of Baa3 to the Class B bonds of Fountain CBO Partners L.P. The Class C bonds and the limited partnership interests are unrated. Fountain Capital Management, Overland Park, Kan., is the collateral manager.

INTERNATIONAL

Boatmen's Trust picks new adviser

■ Boatmen's Trust Co. chose Kleinwort Benson International Investment Ltd., New York, to replace Morgan Grenfell Investment Services Ltd., London, as adviser for $130 million in international equity investments, including about $110 million from institutions.

Thomas Darnall, senior vice president and chief equity investment officer at Boatmen's, St. Louis, said the change was made because Kleinwort Benson's approach was more similar to the bank's and the firm had a better record than Morgan Grenfell.

Shopping
Centers
&
Pension
Funds
Partnership for

By Robert E. O'Neill/Steve Hemmerick

Pension funds are significant players in real estate generally and retail specifically. And the importance of pension funds as suppliers of capital for the shopping center industry is increasing as many troubled banks and savings and loan associations are, effectively, taking themselves out of the real estate lending market.

As of June 30, tax-exempt investors—of which pension funds are the major component—had invested $104 billion in equity real estate and almost $19 billion in hybrid debt, such as participating or convertible mortgages.

These amounts represent investments through real estate money managers and/or investment advisers, however. The amount of pension money in real estate actually is higher, because many of the bigger investors—including some of the jumbo public funds sponsored by state and municipal governments—invest directly rather than through advisers.

About 21 percent of advisers' assets under management were invested in retail properties as of June 30.

During the past several years, pension investors have battled each other in bidding wars that helped drive up prices for malls. They did this as they shifted their attention away from the poor-performing office building sector, once their staple real estate investment.

Some investors have been buying regional malls with capitalization rates in the 4.5 percent to 5.5 percent range, a drop of several percentage points from a few years earlier. They've been willing to pay high prices for malls partly because prices climbed to even higher levels.

As prices increased, so did appraised values of properties purchased earlier. The result was sharply higher investment returns because appreciation is one of the two components of return (income is the other).

Indeed, investors got tremendous returns as mall prices skyrocketed, says Terrance R. Ahern, principal of The Townsend Group, a real estate consulting firm in Cleveland. And the increased returns generated increased interest among pension funds in retail property.

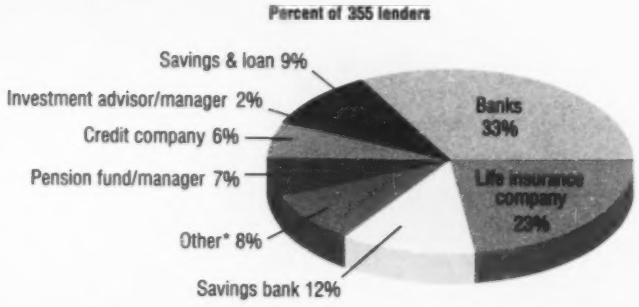
But changing economic and retail market fundamentals mean some pension funds now will have a "greater feeling [it's] not the time to be in high-quality retail," says Gregory A. White, managing director of real estate finance for Salomon Brothers Inc. of New York.

Pension funds and their real estate money managers or

WHEN IT COMES TO INCOME PROPERTIES:

Out of 355 lending institutions, commercial banks are the most frequent lenders for income-producing properties. It is these banks that developers say are increasingly reluctant to provide financing, especially for construction loans. Developers and retailers are looking elsewhere, especially to pension funds, for alternate ways of financing.

WHO MAKES THE LOANS...



**Other, in descending order of frequency: investment company/private lender, REIT, syndication/partnership, investment bank/banker and miscellaneous.*

Source: *Fleet's Guide*, 1990 edition

Here is the degree of interest expressed by lenders in income properties with retail potential. For the second half of 1990, interest by lenders declined for all 33 types of income properties surveyed, compared with the first half of 1989. Yet strip shopping centers with anchors are ranked second highest in interest by these banks, thrifts, life insurance companies, pension funds and credit companies. (Interest in multi-tenant office properties was higher, but only by about 1 percent.)

WHAT KINDS OF PROPERTY LENDERS ARE INTERESTED IN...

1990 rank	Property	Percent of lenders expressing interest: Jan./June 1989 (299 institutions)	July/Dec. 1990 (251 institutions)	% of relative change*
2	Strip center with anchor	90.0%	80.1%	−11.0%
8	Enclosed mall	59.5	51.0	−14.3
10	Strip retail without anchor	47.8	35.3	−26.1
12	Office over retail	38.8	29.3	−24.4
20	Raw land with development plan	23.4	15.1	−35.5
32	Raw land without development plan	5.0	3.1	−37.5

**The absolute change between the two periods divided by the Jan./June 1989 figure, reflecting the intensity of the decline.*

Source: *Fleet's Guide*, 1990 edition.

advisers had been predicting "a rosy economy, sustained increases in sales and anchor tenants who stayed in business," says White. But now the economy could be headed for a recession, sustained sales increases are unlikely, and some anchor departments are unhealthy and may go out of business.

There is good news for some investors: The income stream for most malls will remain steady, White says, and the credit quality of their tenants will remain high. And steady income and good credit tenants would benefit investors who bought at cap rates of 8 percent or 9 percent, he notes.

But if the buyers paid high prices that provided returns of 4.5 percent and 5.5 percent, "you are going to look wrong, relatively quickly," predicts White.

Retail returns already are slipping. Retail properties posted a total return of 9.4 percent for the year ended June 30, 1990 vs. 13.9 percent for the year ended June 30, 1989 and 13.2 percent for the previous one-year period, according to the Russell-NCREIF* Property Index.

A return of over 9 percent is strong, but is down from the 12 percent return the index reported for retail for the three years ended June 30, 1990. Also, the 9.4 percent return includes the returns from some malls purchased before the run up in mall prices.

Pension fund executives, consultants and investment advisers aren't unanimous about how higher prices and lower returns for retail affect pension funds' attitudes toward investing in retail.

It's likely pension funds will start backing off from buying malls, Townsend's Ahern says. However, he adds, "I have seen more advisers starting to take a long look at community shopping centers."

Leanne Lachman, head of acquisitions and managing director for Schroder Real Estate Associates, New York, says pension funds continue to want to buy investment-grade malls, or large malls with several strong anchors and high sales. Those retail properties—especially super regional malls—are owned by well-capitalized institutional owners and don't come up for sale often. In fact, the most recent sale she remembers to an institutional investor was in June 1980.

Some pension executives still exhibit sincere interest in buying retail properties, asserts Frank Sullivan, a managing director with Jones Lang Wootton Realty Advisors, New York. He concedes interest has waned among other pension officials because of falling returns and dim short-term prospects for real estate.

"I think some of them have chosen to adopt the long-term philosophy that as long as we are properly underwriting, our goal is to assemble the portfolio over time. And if pricing is a little bit better this year, because cap rates are down, or if underwriting is a little more conservative, that is actually a better time to buy," Sullivan says.

Looking Ahead

As shopping centers enter a new decade, they face an ever-changing array of challenges. In *Monitor's* Fourth Annual Report of the Shopping Center Industry (April 1990), developers rated 26 potential problems for the year ahead. At the top were environmental constraints, local economic conditions and land costs, followed by impact fees, vacancy rates and public opposition to expansion.

Not included in the list was today's most pressing problem. So swiftly has the credit crunch evolved that the survey did not even ask about obtaining financing.

In a recent International Council of Shopping Centers (ICSC) survey, 450 developers who had applied for construction loans in the previous six to nine months reported that their lenders had changed their lending practices drastically. Excessive documenting requirements were most lamented, followed by higher equity

. . . AND UNDER WHAT TERMS

Source: *Fleet's Guide*, 1990 edition

*National Council of Real Estate Investment Fiduciaries

SHOPPING CENTER OPERATING PERFORMANCE

	SUPER REGIONAL (103 centers in sample)		REGIONAL (69 centers in sample)	
Base data	**Area in square feet**	**% of total area**	**Area in square feet**	**% of total area**
Center size (total occupancy area)	1,080,625	100.0%	518,271	100.0%
Unowned occupancy area	525,047	48.6	199,380	38.5
Department stores (owned & unowned)	601,157	55.6	230,004	44.4
Tenant data*	**Mall area in square feet**	**% of total**	**Mall area in square feet**	**% of total**
GLA of shops	393,400	36.4%	285,547	55.1%
Tenant sales	**Dollars per square foot of mall GLA**		**Dollars per square foot of mall GLA**	
	$219.23		$182.80	
Operating Results	**Dollars per square foot of mall GLA**	**% of total receipts**	**Dollars per square foot of mall GLA**	**% of total receipts**
Operating receipts				
Rental income—minimum	$12.31	56.6%	$8.68	55.4%
Rental income—overages	2.03	9.3	1.50	9.6
Total rent	14.34	65.9	10.18	64.9
Common area charges	3.16	14.5	2.06	13.1
Property taxes	1.48	6.8	.81	5.2
Insurance	.25	1.1	.10	.6
Other escalation charges	1.29	5.9	2.01	12.8
Income from sale of utilities	2.24	10.3	1.75	11.1
Total other charges	3.83	17.6	3.01	19.2
Miscellaneous income	.59	2.7	.60	3.8
Total operating receipts	**$21.75**	**100.0%**	**$15.68**	**100.0%**
Operating expenses				
Building maintenance	$.70	3.2%	$.45	2.9%
Parking lot, mall, other common areas	2.91	13.4	2.30	14.7
Central utility systems	1.43	6.6	1.24	7.9
Office area services	.39	1.8	.19	1.2
Total maintenance & housekeeping	4.63	21.3	3.47	22.1
Advertising & promotion	.32	1.5	.33	2.1
Real estate taxes	1.46	6.7	1.95	12.4
Insurance	.30	1.4	.18	1.1
General & administrative	1.77	8.1	1.82	11.6
Management agent fees	.72	3.3	.43	2.7
Leasing agent fees	.14	.6	.10	.6
Total operating expenses	**$8.41**	**38.7%**	**$6.82**	**43.5%**
Net operating balance**	**$13.34**	**61.3%**	**$8.86**	**56.5%**

*Excludes mall department stores.

**Total net operating balance does not account for depreciation, amortization, taxes and deferred costs.

● Big, bold, brash and frequently beautiful, **super regional shopping centers**—malls—provide an extensive variety of goods comparable to those of the central business district of a major metropolitan area, including a wide selection of general merchandise, apparel and home furnishings, as well as a variety of service and recreational facilities. The major occupants of a super regional center include at least three full-line department stores, each with an area of not less than 100,000 square feet. In this sample of 103 super regional centers, almost half of the department stores are physically a part of the center but are independently owned. Department stores generate some $155 million in sales.

● **Regional shopping centers**, usually enclosed malls, average about half the size of super regional malls, and offer an extensive line of goods and services similar to those of the central business district of a small city. Major occupants of a regional center include at least one, but no more than two full-line department stores, each at least 100,000 square feet in size. The proportion of unowned department stores is less than for super regionals, 38.5 percent vs. 48.6 percent.

● **Community centers** offer fewer goods and services than

COMMUNITY (265 centers in sample)		NEIGHBORHOOD (271 centers in sample)	
Area in square feet	% of total area	Area in square feet	% of total area
186,005	100.0%	66,854	100.0%
—	—	—	—
—	—	—	—
Area in square feet	% of total		% of total
164,723	88.6%	64,228	96.1%
	Dollars per square foot $176.33		Dollars per square foot $199.37
Dollars per square foot of GLA	% of total receipts	Dollars per square foot of GLA	% of total receipts
$5.66	74.5%	$6.49	78.3%
.59	7.9	.71	8.6
6.14	80.8	6.89	83.1
.70	9.2	.65	7.8
.51	6.7	.64	7.7
.22	2.9	.12	1.4
.19	2.5	.28	3.4
.29	3.8	.20	2.4
.79	10.4	.80	9.7
.13	1.7	.15	1.8
$7.60	100.0%	$8.29	100.0%
$.18	2.4%	$.33	4.0%
.59	7.8	.59	7.1
.27	3.6	.23	2.8
.85	11.2	.27	3.3
—	—	.96	11.6
.15	2.0	.19	2.3
.67	8.8	.79	9.5
.16	2.1	.19	2.3
.72	9.5	.91	11.0
.31	4.1	.34	4.1
.15	2.0	.20	2.4
$2.48	32.6%	$2.86	34.5%
$5.12	67.4%	$5.43	65.4%

Note: Because data are medians, detail amounts do not add to totals.
Source: *Dollars & Cents of Shopping Centers: 1990*, Urban Land Institute, Washington, DC

regional centers, but considerably more than neighborhood centers. Anchors typically include a junior department store, variety store or discount department store, and the center may offer banking and professional services and recreational facilities.

● *Smallest in size, averaging about 66,800 square feet,* **neighborhood centers**—*i.e., convenience strip centers—provide for the sale of daily living needs—convenience goods like food, drugs, hardware and personal services. A supermarket or drugstore is most often the principal tenant of these strip centers. Annual sales average to about $13.3 million.*

requirements and additional collateral on existing loans.

Developers also found that loans were smaller, and interest and fees higher. Lenders proved unwilling to finance joint/equity ventures, to renew or extend existing loans or to make loans at all. Said one New Jersey developer, "Even for worthwhile projects, trying to find money today is a hellacious experience."

T-bills vs. Properties

Overreaction by bank and thrift regulators is the culprit by almost all accounts. "The S&L situation is having an impact, without doubt," says Mark N. London, president and CEO of Equity Properties and Development Co., Chicago. "It's highly visible and gets intense media attention. Retail is one of the smallest portions of its problems, but takes a beating because of guilt by association."

With traditional sources drying up, pension funds seem a natural place to turn. But at a recent roundtable sponsored by *Pensions & Investments*, where the pros and cons of real estate investment were explored in depth, a key question posed was, "Why should fund owners and managers invest in real estate these days when they can get a better return on Treasury bills?"

Deja vu, says panel member Ken Codlin, investment officer for the Illinois State Universities Retirement System in Champaign. "In the early 1980s, exactly the same question was being asked about stocks and bonds: Why invest in stocks and bonds when you can get these wonderful 15 percent returns on T-bills? That was just before one of the major bull markets of the century began in both stocks and bonds, and those funds that took that advice regretted it. It's important for most investors, and for pension funds in particular, to try to look across the chasm of temporary troubles and ask what are, really, the long-term prospects."

As a developer and seller of real estate properties, Richard Welcome, executive vice president for retail development of Homart Development Co., Chicago, cites his experience: "We recently went back and looked at some of the developments that we have done over the past 15 years—some of them undertaken at similar timing such as today's—and the returns over a six- to 10-year period were far in excess of what one would have achieved in Treasury bills."

Joel R. Wilson, senior vice president of real estate for GE Investments, headquartered in Stamford, CT, says his company's returns are consistently good. "If you disaggregate the Russell Index and look at retail and industrial, dropping office out, those two sectors have outperformed T-bills over every period. I just went back for 1989, and somewhere close to 80 percent of our

investments in retail and industrial outperformed the T-bill rate."

Townsend's Ahern, agrees, saying, "The assumption that real estate cannot compete effectively with treasuries is incorrect. Through a careful selection process you can, at a minimum, attain returns competitive with treasuries and stocks and bonds."

How Good a Hedge?

"Real estate is a good investment for reducing overall portfolio volatility," Ahern says, adding that shopping centers' particular value as a recession and an inflation hedge is directly related to tenant mix. "If you have national credit tenants, you are able to negotiate long-term leases with relatively few ups. That provides you a base against recession. But it does not provide you with capacity to adjust relative to inflation," he adds.

For example, he says, "If a market is substantially overbuilt and you hit an inflationary period without

HOW FUNDS WILL INCREASE EQUITY REAL ESTATE INVESTMENT

Change in projected asset mix

Type change	No. of funds	$ millions	% of total assets 1989	% of total assets 1992*	Point change
Corporate funds	1,455	$51,072	5.8%	7.0%	+1.2
Public funds	370	34,915	4.7	6.5	+1.8
Multi-employer funds	84	3,909	6.2	9.7	+3.5
Endowments/foundations	182	3,921	3.3	3.6	+0.3
Total funds	**2,091**	**$93,817**	**5.2%**	**6.3%**	**1.1%**

*Projected

Source: Greenwich Associates

Based primarily upon almost 1,500 hour-long personal interviews, the results here clearly call for across-the-board increases in real estate investment by pension funds by 1992. Relative increases are higher than point increases shown. For example, the 1.1 percent gain for all funds translates to a 21 percent relative gain for the period.

HOW DEVELOPERS RATE PROSPECTS OF SHOPPING CENTER TYPES

"Business prospects over the next several years, 1986-1989"

Overall index*	1986	1987	1988	1989	4-year average
By type of center					
Neighborhood	59	63	50	59	
Community	57	62	59	61	
Regional	39	47	52	51	
Super regional	33	43	48	47	
By characteristics					
Open (strip) centers	62	66	59	64	
Mixed-use centers	48	51	52	49	
Enclosed centers	44	50	51	51	
Adaptive reuse	41	43	43	44	
Vertical (urban) malls	25	36	41	35	
Festival marketplaces	31	37	36	31	
By positioning					
Traditional tenant mix	59	41	59	61	
Discount	47	53	57	62	
Fashion-oriented	45	51	49	50	
Theme/specialty	44	45	45	44	
Off-p... /factory outlet	36	40	46	52	
Catalog showroom	27	33	35	37	

*Respondent ratings of poor to excellent converted to an index from 0 (poor) to 100 (excellent).

Source: Monitor, Annual Report of the Shopping Center Industry, April 1989.

Developers were asked to rate the business prospects of different types and positioning of centers as excellent, fair or poor. Here's how they responded over a four-year period. Ratings lately have improved noticeably for regional and super regional centers, discount and off-price/factory outlet centers. Nonetheless, traditional tenant mix centers account f... more than eight in 10 of total.

Unfortunately, most business investment plans are full of the same thing.
When you're investing your company's hard-earned money in real estate, you want a business plan that's air-tight. Not one that's full of holes.
That's why you should turn to Tri-Land Properties. Before we invest a dime of your money, or ours, we map out the deal thoroughly. On paper. So you can see exactly what your potential gain will be.
And since we specialize in only retail properties, you can rest assured you're doing business with a company that knows its business.
From renovation, property management, public relations and marketing, Tri-Land works hands-on with its properties. So you can be hands off.
It's a strategy that's paid rewards for us. And our investors. To see what Tri-Land can do for your investment portfolio, call Hugh Robinson at 1-800-441-7032. And get the whole story. Rather than one full of holes.
TRI-LAND™
PROPERTIES, INC.
Catonsville Shopping Center, Baltimore, MD • Moorestown Shopping Center, Moorestown, NJ
Colonial Plaza Shopping Center, Bloomington, IL • Orland Corners Shopping Center, Orland Park, IL
Canterbury Shopping Center, Markham, IL • Village Green Shopping Center, Park Ridge, IL
Carlyle Plaza, Belleville, IL • Speedway SuperCenter, Indianapolis, IN • Heritage Plaza, Lincoln, IL
Circle No. 68 on inquiry card

HOW FUNDS INVEST

Developers and others wishing to sell properties to pension funds likely should deal with real estate money managers and investment advisers. Staffs of most pension funds are lean, and they don't have enough expertise to handle all facets of real estate investment.

As a result, they generally use investment management consultants to help them screen and select real estate advisers, then depend on their advisers to screen and purchase properties.

Pension funds invest in real estate through advisers in two basic ways—through commingled pools along with many other investors and on their own through direct, separate accounts.

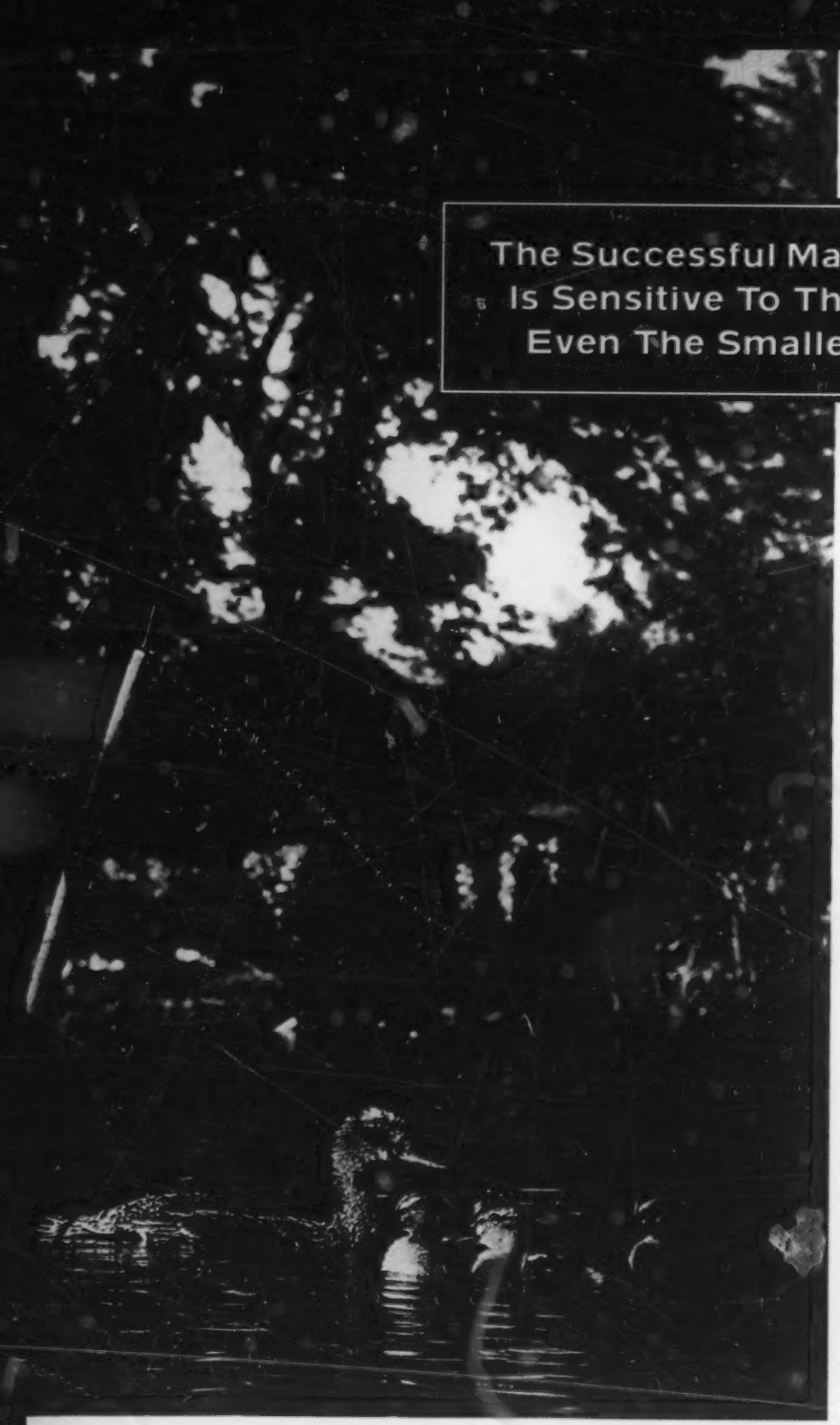
Commingled funds are a trust or limited partnership in which the adviser acts as the general partner, buying properties on behalf of a group of investors.

Pension funds began by investing in open-end funds—the best known is PRISA—that now are thought of as being core real estate investments that behave almost like real estate index funds. Then, as investors' knowledge of, and comfort with, real estate as an asset class increased, they moved to closed-end funds, and finally, to separate accounts.

The primary difference between open-end and closed-end funds is the liquidity available to investors. Open-end funds typically allow investors to add or withdraw assets on a quarterly basis; a closed-end fund usually has a subscription period and pre-specified holding period, generally about 10 years.

In a separate account, a pension fund hires an adviser to purchase investment-grade properties only for that fund. In that way, pension executives often feel they have more control over the adviser and the assets, because, along with the money, they can give the adviser specific guidelines on, for example, geographic and property mixes. Often, the pension fund staff must give final approval on any separate account investment made on the fund's behalf.

This year, according to *Pensions & Investments'* data, separate accounts overtook commingled funds as the investment of choice for pension funds, although the gap had been narrowing for several years.



The Successful Mall Developer Is Sensitive To The Needs Of Even The Smallest Tenant.

If our retailers aren't successful, neither are we. That's why we're so careful to look out for them and to find ways to provide them with better service.

Like our personal interview program. We visit our retailers on a regular basis—at their home offices. We ask them to evaluate us in key areas like leasing, legal, marketing, operations and tenant coordination. And, as a result, we've learned how to be even more successful in today's competitive environment.

We listen to our tenants—both large and small. And we respond. It's called building trust. And, Homart has been doing it for more than 30 years.

Homart Development Co.

BUILDING TRUST

The commercial development arm of the Coldwell Banker Real Estate Group. A member of the Sears Financial Network. © 1990 Homart Development Co.

Circle No. 69 on inquiry card

growth in employment . . . and if you do have a substantial number of vacancies, it gives the small tenant the ability to negotiate from a stronger standpoint than if the vacancies weren't present." That's a drawback, he notes, saying, "I believe the smaller tenants will be the primary ones that provide you with the immediate relief from inflation."

Godlin says he is "comfortable with the idea that returns, growth and cash flow approach something like the inflation rate if one has a broadly diversified portfolio of properties and if one is looking at a 10- or 15-year time frame.

"The return may not match inflation rates for the next couple of years but. . .over a much longer time frame, it can provide a kind of growth that we presently are not getting."

Real property has the capacity to grow where bonds don't, leading GE Investments' Wilson to comment, "Many times the question of real estate as an inflation hedge is confused with whether or not the real estate that you buy has the ability to appreciate in value. You have to focus very much on the supply-demand equation in a particular market—the local and regional economics, what's happening in retail, in the labor force. All of those things play a heavy role in whether or not a property can appreciate.

"Then, as an investor, you have to translate those factors into price, and once you acquire that asset, convert price into the ability to manage it in that environment."

Homart's Welcome comments, "We have seen no reduction in the level of appreciation in quality products."

Retail Beats Office

Given that real estate can be a safe, competitive investment, where, the panel was challenged, should real estate dollars flow? The stamp of approval went to retail—especially when compared to office properties. Salomon Brothers' White says, "If you call up an institutional investor today and you say the words 'suburban office building,' you might just hear a click on the other end of the telephone."

For its part, Homart continues to invest heavily in retail as opposed to the office side of the business and is doing well, says Welcome. "We have opened five centers this year. . .and have achieved probably our greatest leasing percentage of occupancy on opening in the history of the company. Rents were higher than they have ever been.

"Sales so far for open centers have been higher per capita per square foot than with any center. If I were to go back to 1988, 1987 and draw a trend line—or even as far as 1980—there would be no falling off for 1990. I can't point to any evidence that would suggest a decline for us from the trends of the past." Welcome qualifies this, however, by pointing out that this does not apply to smaller centers.

Large centers are doing well, according to several panel members. Donald A. King, managing partner of The RREEF Funds, Chicago, states, "I have read so much recently about the demise of the regional shopping center. . .but if we look at the ones we own and those of our competitors, we are in terrific shape. All those articles

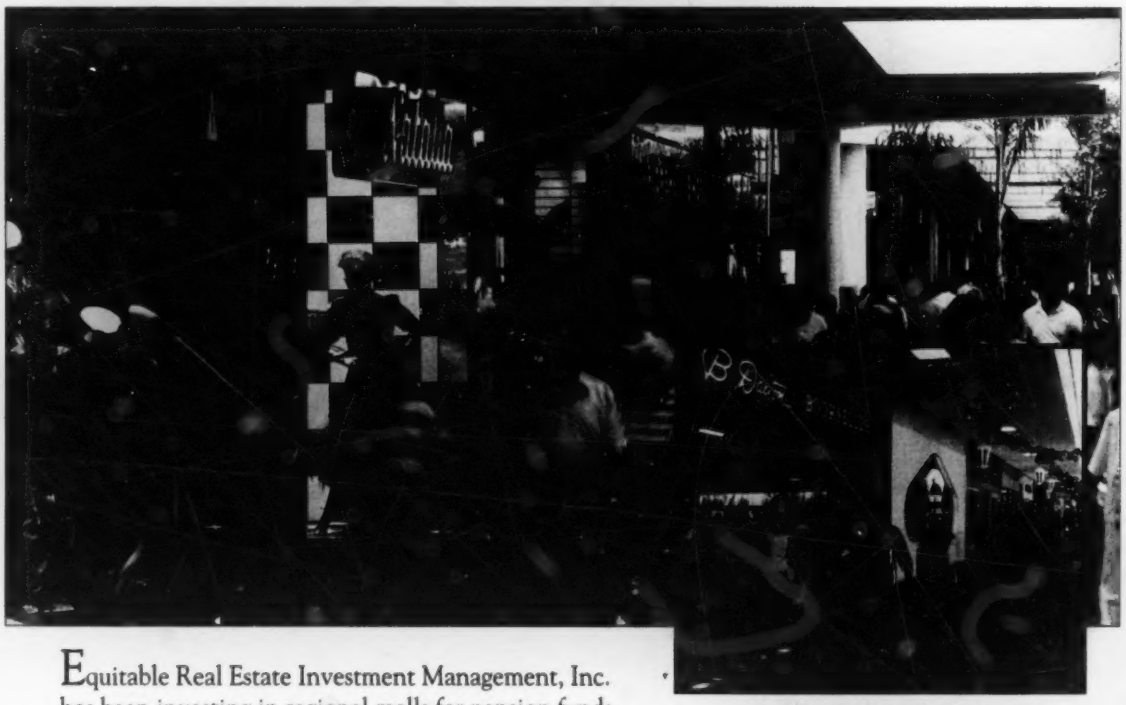
TOP 50 FUNDS WITH ASSETS IN REAL ESTATE EQUITY

Rank	Defined benefit fund	$ (millions)
1	AT&T	$3,897
2	California Employees	3,300
3	Ohio State Teachers	2,034
4	General Electric	1,977
5	Washington State Board	1,229
6	California State Teachers	1,188
7	State of Michigan	1,119
8	Connecticut Trust Funds	1,116
9	Ameritech	1,000
10	NYNEX	964
11	United Nations Joint Staff	956
12	Virginia Supplemental	921
13	Illinois Teachers	886
14	New York State & Local	809
15	Ford Motor	800
16	Pennsylvania Employees	753
17	Florida State Board	751
18	Southwestern Bell	749
19	Eastman Kodak	730
20	Pennsylvania Schools	672
21	Ohio Public Employees	646
22	US WEST	620
23	Westinghouse Electric	533
24	United Technologies	525
25	Minnesota State Board	511
26	Prudential Insurance	484
27	Oregon Public Employees	470
28	Wisconsin State Board	469
29	Colorado Employees	457
30	Illinois State Universities	449
31	Iowa Public Employees	442
32	Shell Oil	430
33	Illinois Municipal	398
34	New York State Teachers	366
35	Exxon	357
6	Allied-Signal	355
37	Chevron	326
38	Ohio School Employees	302
39	Pacific Gas & Electric	292
40	Kansas Public Employees	291
41	Illinois State Board	290
42	Nat'l Electrical Contractors	279
43	Hawaii State Employees	278
44	Monsanto	275
45	Los Angeles County	266
46	Utah State Retirement	252
47	Caterpillar	249
48	Alaska Retirement Systems	239
49	Maryland State Systems	238
50	Unisys	236
	Total	**$37,176**

Source: *Pensions & Investments*

Among the leading 200 pension funds, 125 defined benefit funds have assets in real estate equity. The top 50 have invested $37 billion. Only 13 defined contribution funds take equity positions in real estate, totaling $3.7 billion.

For our clients, we shopped early and got real bargains.



Equitable Real Estate Investment Management, Inc. has been investing in regional malls for pension funds since the mid-70's, building its unparalleled portfolio through a series of opportune landmark acquisitions, most made well before prices of regional malls skyrocketed. We lead the industry in regional mall investments for pension funds.

Now our newly formed COMPASS/Retail division is expanding our presence into direct management and leasing of a select number of our centers, rounding out our total involvement in retail. In other key centers we continue to rely on top managers like General Growth/Center Cos. and DeBartolo.

We are currently pouring more than a half a billion dollars into redeveloping and enhancing key centers around the country.

The best malls in the country are getting better, and our clients will reap the benefits.

Dadeland Mall, Miami:
A dominant regional mall in a strong market, part of Prime Property Fund, Equitable Real Estate's $3.8 billion open-end pension fund portfolio. Photos here show center before (inset) and after a $26 million Equitable Real Estate enhancement program.

EQUITABLE REAL ESTATE
INVESTMENT MANAGEMENT INC.

GEORGE R. PUSKAR, CHAIRMAN
DOUGLAS A. TIBBETTS, PRESIDENT

MONARCH PLAZA, 3414 PEACHTREE ROAD NE
ATLANTA, GEORGIA 30326

© 1990 Equitable Real Estate Investment Management Inc.

Circle No. 70 on inquiry card

pointing out that regional malls are in trouble are totally off the mark. Pricing [of malls] depends where you are in the business cycle, and I think that prices have weakened since a year ago. I'm not sure we are going to find 10 times earnings or 10 percent cap rates, however. I think we will stick closer to five than to 10."

Community centers may be the beneficiary of the lower cap rates, says Ahern. "If you look at the historical performance of the better malls over the last 10 years, you are going to see some tremendous returns," he comments. "But I believe a lot of the return was caused by reduction in cap rates. As a result, if they now are buying at five times cash income and they say that in order for me to get that historical return, I will have to have larger sales gross of x percent—to me, it appears unrealistic.

"Absent a further reduction in cap rates, investors perceive they are not going to get the historical returns of the past 10 years. They back off investing [in malls] and focus on community shopping centers. I have seen more advisers starting to take a long look at community shopping centers." (For relative performance of super regional, regional, community and neighborhood shopping centers, see the chart on page A-4.)

Made for Each Other

Separate interviews with large and small companies confirm the viability of retail properties. Equitable Real Estate Investment Management of New York, which bills itself as the No. 1 investment adviser to pension funds and overseas investors and the leading U.S. institutional investor in regional and super regional shopping centers, has $11.6 billion in U.S. tax-exempt real estate assets, all in fully discretionary accounts.

Equitable's open-end Prime Property Fund counts almost $3.8 billion invested in quality, income-producing properties. Harry Pierandri, who heads Prime, says that retail properties have proved their mettle. With almost 37 percent of assets in retail properties, compared to the Russell-NCREIF Index group's 20 percent, Prime realized a 5-year annualized return of 14 percent, compared to the group's 11.7 percent return on retail properties.

"There is a lot of negativism out there," Pierandri says, "but real estate can and does generate attractive returns along with ability to adapt to inflation." Moreover, he says, pension funds take a long-term outlook that matches real estate's strengths. "Pension funds and real estate are made for each other."

As alert to opportunities in shopping centers as pension funds are, they are also chary of future vacancies brought on by overbuilding. Townsend's Ahern says he doubts that many developers would be able to resist the temptation to build if financing were available. "I remember someone told me a definition of a developer is similar to a serial killer who sits in his motel in the wee hours of the morning in the bathroom, writing on the mirror in lipstick, 'Please don't give me money.'"

Such gallows humor may be out of place, for the next few years at the le[illegible] as developers curtail new construction. It's already happening. The 1990 *Monitor*/NRB Census of U.S. Shopping Centers shows that by the end of this year, an estimated 1,967 new U.S. centers will have come on stream, a decline of 7.2 percent compared to last year's 2,120 additions.

Furthermore, the ICSC survey of 450 developers of all sizes finds new starts for the first six months of 1990 down 24 percent from the same period of 1989. (Because these are starts, not finishes, the decline will not show in the census figures for a year or two, when these newcomers are completed.)

Slower construction is certain to affect oversupply of space. A recent examination of vacancy rates in 107 metropolitan markets (see p. 51), shows wide variations. Downtown vacancies ranged from as high as 60 percent to a mere 2 percent; in strip centers, from 28 percent to 2 percent; and in enclosed centers, from 18.5 percent to 0 percent. On average, enclosed centers had the lowest vacancy rate, 6.5 percent, followed by strip centers with 12.3 percent and downtown with 15.9 percent.

Would-be investors are advised to look beyond the averages, however. Lee T. Henley, president of Phoenix-based Vestar Development Co. (which ranked 26th in 1990 in *Monitor's* Top 50** in Development), says, "It's meaningless to look at macro figures when trying to evaluate shopping centers. The key is individual assets: quality of tenants, number of credit tenants, the area itself and the facility itself. Certainly there were many

50 ADVISERS WITH ASSETS IN RETAIL

Firm	% of assets in retail
Duoco	100%
First Asset Realty Advisors	91
Corporate Property Investors	86
Schroder Real Estate Associates	82
JMB Institutional Realty	82
Hart Advisors	49
Morrison, Karsten, Ramzy & Arthur	45
Wells Fargo Realty	44
Meyer Real Estate Advisors	43
Rocky Mountain Investors	41
Dreyfus Realty Advisors	40
Lehndorff & Babson	40
L.J. Melody	40
The O'Connor Group	40
Aldrich, Eastman & Waltch	37
Harris Trust & Savings Bank	37
CIGNA Investments	35
Heitman Advisory	35
MONY—New York	35
J.P. Morgan Investment	35
RREEF Funds	35
First Wisconsin Trust	34
Mellon/McMahan Real Estate	31
Bircher Realty Advisors	30
The Yarmouth Group	28

**Each year *Monitor* publishes lists of the Top 50 companies in retail management, development and acquisition.

Firm	% of assets in retail
AMB Institutional Realty	27
First National Bank of Boston	27
FS Realty Partners	27
PMRealty Advisors	26
Coldwell Banker Commercial Realty	25
Equitable Real Estate	25
Manufacturers National Bank—Detroit	25
Sierra Capital Institutional Advisors	25
Lepercq Realty Advisors	24
Metric Institutional Realty	24
MIP Cos.	24
TCW Realty Advisors	24
Citicorp Real Estate Investment Mgmt.	23
Bennett & Kahnweiler Realty	22
Property Capital Associates	21
Prudential Real Estate Investors	21
Union Labor Life	20
Aetna Life	19
Angeles Institutional Advisors	19
Boston Real Estate	19
Capital Consultants	18
Jones Lang Wootton Realty Advisors	18
Eastdil Realty	17
Devon Institutional Realty Advisors	16
Alex. Brown, Kleinwort Benson	15

properties built in the wrong place leading to those humongous vacancy rates. You can't look at averages. You must look at specifics."

Stress on Remodeling

GE Investments' Wilson states that there is not a lot of development activity and what there is has unique characteristics. "Most of the deals that we are seeing tend to focus on acquiring assets that need to be repositioned, either through some capital infusion for lease-up, or rehabs—existing assets that need something happening to them," he says.

This is confirmed by *Monitor's* latest Top 50 survey, results of which will appear in January 1991. Preliminary findings reveal whether executives of some 240 companies in management, development, acquisition and ownership of shopping centers thought their firms would spend proportionately more, less or about the same on development in 1991.

Last year, in contrast to the previous two surveys, these leaders had trimmed their spending plans; and this year they are even more cautious. Forty-two percent of respondents say they intend to spend more on renovations in the year ahead. This declined from 50 percent the previous year.

In new construction, only 37 percent say they plan to spend more in the coming year, compared to 53 percent in the previous survey. Planned expansions dropped to 36 percent from 47 percent last year. Acquisitions fell to 35 percent from 43 percent.

Many leading shopping center developers view these cutbacks as a necessary and inevitable correction. "Speculative building is over," says Equity Properties' London. "Much of the consolidation and restructuring that we are now undergoing is inevitable, in terms of our natural progression to a more European perspective on real estate. As we correct to building for pent-up rather than future demand, there is going to be a fair amount of pain in the scratch development sector. While lenders are going to take some developer-directed grief, not all of it will be fair or warranted."

With some 20 million square feet under management at the end of 1989 (placing 17th in *Monitor's* Top 50 in Management and sixth in Acquisition), Equity Properties has pursued a policy of buying existing properties and redoing them, typically being the second or third owner.

"In the '70s and '80s many developers were building for lenders' consumption—build and sell in a year or two for a quick flip. Now we're saying it's a five- to 15-year, longer-term investment. S&Ls have gone from construction loans to permanent loan providers." London says.

Innovative Approaches

Recent declines in new construction notwithstanding, the shopping center industry will enter 1991 with record-setting numbers. The total number of centers stands at 36,650 centers, up 3.6 percent. Gross leasable area (GLA) totals 4.5 billion square feet. Sales now exceed $725 billion dollars—more than half of the nation's non-automotive sales. The only negative is that square footage grew more than sales. As the result, average sales per square foot of GLA per year declined 0.7 percent to $160.90 from $162.02 the year before.

Coping with these new dimensions will call for new approaches. Vestar's Handley says that the recent leveraged buyout of his company included one of the few direct investments by a pension fund in an operating shopping center developer, as opposed to project or adviser investment.

"The $150 million deal had benefits for all," he says. "It provided funds for a management buyout of the original company, Estes Development. The pension fund bought 50 percent ownership in a portfolio of 100,100- to 300,000-square-foot shopping centers with skilled management at a substantial discount. And Estes was able to sell an entire division in one transaction while raising needed capital for themselves.

"Such deals don't come with the ease of the go-go days of the '80s," cautions Handley. "The level of due diligence in this case was that of a trustee—higher than that of a fiduciary or typical lender. Be prepared for a six-month due diligence effort during contract negotiations. And there will be nothing you can hide because their analysis will expose all the negatives.

"It's much like going to a bank, but more so. In addition to an overall business plan—goals, etc.—each

individual property should have a leasing plan, 10-year projection of cash flow, competitive analysis and demographic statistics. Their diligence will go beyond this: appraisals, hazardous waste analysis, feasibility analysis, broader market studies."

The payoff for developer and fund, he says, is that real estate offers return rates of 15 percent to 25 percent vs. 7 percent to 10 percent on typical bonds.

Short Term: Shortsighted

Will pension funds look at making tactical investments in real estate in contrast to longer-term strategic investments? RREEF Funds' King thinks it unwise. "Some of the places that have been talked about for making tactical moves are a feed-off of the problems with the RTC and banks and thrifts—where you can apparently get control of assets for nickels and dimes on the dollar. . . . .We've looked at the tactic of going in a short-term turnaround situation and make some serious money three to five years and then just back out it. That's not something that we as longer-term investors in the real estate business would advise our clients to do."

GE Investments' Wilson adds, "I think there is a basic contradiction with the concept of doing something quickly because of an event in real estate. Investing money in an asset class that is less liquid and longer term, based upon a short-term event, is not the way to go."

Welcome says he is worried about the short term nonetheless. "One could certainly make an argument that in the next 12 months, if we are heading into a recession, it would be greatly exacerbated by what's going on in the Middle East. If that's the case, no matter what area of real estate you look at, it's not going to do anything to add to the value today of those properties. I would certainly argue for waiting rather than acting today—although I agree that in the long term, it's awfully hard to look at real estate as something that you judge by momentary events," he says.

Ahern adds that he feels comfortable with a cautious approach. "The brakes that are being applied make one comfortable that you are not acting imprudently to attain an allocation goal at the cost of returns.

"If you read between the lines today, selectivity is another word to say, 'Slow the investment process,' and that what's occurring.

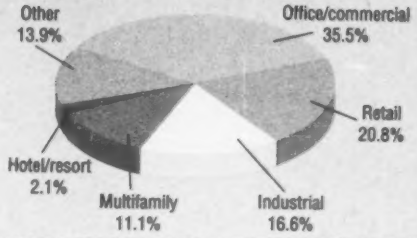
"There are some excellent opportunities in the real estate market today," Ahern continues. "In the last couple of years, our clients have made some investments that have performed exceptionally well relative to what would be a standard index. . . .If you have good investments, to slam on the brakes would be foolish."

Roger H. Ogden, chairman and CEO of The Maurin-Ogden Cos. of New Orleans, that owns some 4 million square feet in about 40 properties, says developers are more concerned with financing and adds that the credit crunch is not a long-term thing. "It will take a year, a year and a half, maybe even two years to overcome credit problems and overbuilding," he says. "Policy matters are in place. The medicine is being taken. Starts have declined. We've got the worst conditions since 1973, a hangover from the binge of too much money chasing too few properties. We're going back to a market-driven economy. That's *good*.

"I'm quick to add that there is real estate product developed in the go-go days of the S&L binge that is totally unusable. Office buildings in pastures. Strip centers in as yet undeveloped areas or unanchored. Some of these are so far gone, they are effectively valueless."

With unabashed enthusiasm, he concludes, "It is absolutely the ideal time for the smart money—and that includes pension plans—to make safe and timely investments."

WHERE TAX-EXEMPT DOLLARS ARE INVESTED



Source: *Pensions & Investments*

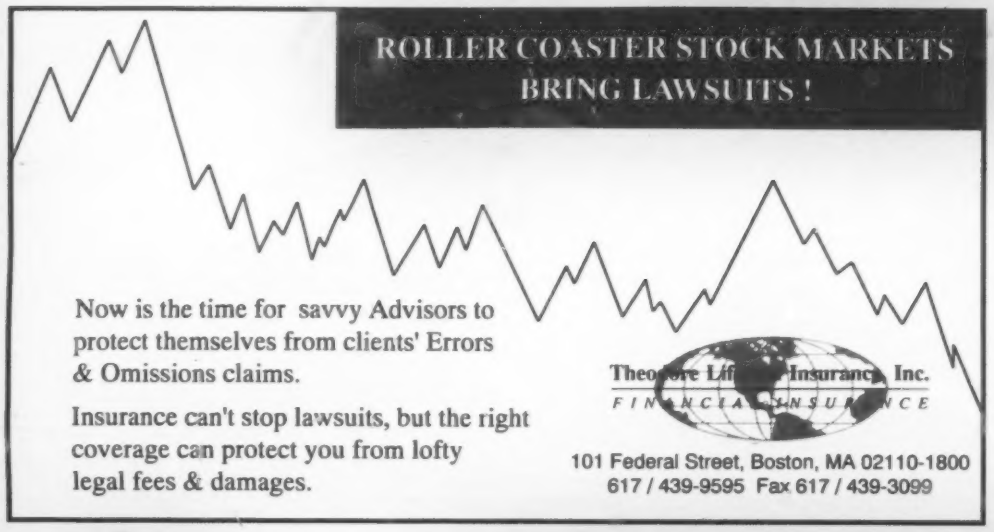
Flexibility Counts

Richard D. "Skip" Bronson, partner of the Hartford, CT-based Bronson & Hutensky, says the problems in the shopping center are largely due to perception. "In effect, everybody knows that real estate is down, and even savvy investors paint shopping centers with the same brush. Even in the Northeast, you don't see boarded up centers and closed malls. Shopping centers are unique; they do have a special niche. Supermarkets are the most common anchor in open centers, and they are doing as well as ever."

Bronson says the company (ranked 11th in *Monitor's* Top 50 in Development last year) is currently dealing with one of the nation's largest insurance companies. "Obviously, they're cautious. You can't get unsecured credit. And where everyone went for quantity in the '80s, they're going for quality in the '90s. There is indeed a flight to quality.

"What matters today in our industry is developers who understand retail. In an office building, it doesn't matter who's down the hall from you. In a shopping center, it sure does matter. There's a synergy unlike any other form of real estate. The failures are and will continue to be among developers who have no knowledge of retail.

"We all have to be more flexible," he says. "We've got no choice. The good old days were 30 days ago." ■


ROLLER COASTER STOCK MARKETS
BRING LAWSUITS !
Now is the time for savvy Advisors to protect themselves from clients' Errors & Omissions claims.
Insurance can't stop lawsuits, but the right coverage can protect you from lofty legal fees & damages.
Theodore Li Insurance, Inc.
FINANCIA INSURANCE
101 Federal Street, Boston, MA 02110-1800
617 / 439-9595 Fax 617 / 439-3099

THE STATE STREET CUSTOMER

The State Street customer has gone global and so has State Street.

Our customers are now investing worldwide and State Street is there to service their financial assets.

From North America, to Europe, to the Pacific Rim, call on us for comprehensive support.

In the rapidly changing world of international investment, you will find State Street an indispensable partner.

State Street®

State Street Bank and Trust Company, wholly-owned subsidiary of State Street Boston Corporation, 225 Franklin Street, Boston, MA 02101. (617) 786-3000. Offices in Boston, New York, Los Angeles, Toronto, London, Munich, Brussels, Luxembourg, Cayman Islands, Tokyo, Sydney, Hong Kong. Member FDIC. © Copyright State Street Boston Corporation, 1990.

A

ACG Asset Consulting Group Inc.
231 S. Bemiston, Suite 1210, St. Louis, Mo. 63105; (314) 862-4848

ACG Asset Consulting Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and manager selection, performance measurement and additional analysis for U.S., foreign, futures/options and GIC investments.

The firm also offers efficiency reviews, fee negotiations, trading cost reviews and cash flow structural planning.

The firm provides investment performance analysis to the investment management industry.

The firm has special expertise in insurance company assets.

Significant changes or developments at the firm in the past year include the establishment of the firm as an independent corporation.

Of 55 tax-exempt clients on retainer, 15 are corporate, 11 are public, 11 are union and 18 are foundation/endowment. The firm also provided services to three tax-exempt non-retainer clients during the past year, of which two were union and one was foundation/endowment.

There are six professional consultants. Fees are payable in hard and soft dollars.

Clients include The Episcopal Church, Central Illinois Laborers', Blue Cross/Blue Shield of Missouri and Kansas City Public Schools.

Charles R. Holmes Jr. is client contact.

Alpha Consulting Group
210 E. Michigan St., Milwaukee, Wis. 53202; (414) 276-8320

Alpha Consulting Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign futures/options and GIC manager selection; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC performance measurement and analysis.

The firm has special expertise in manager search and performance.

There are two professional consultants. Fees are payable in hard dollars.

Robert J. Bukowski is the client contact.

Ammonite Resources
181 Mariomi Road, New Canaan, Conn. 06840; (203) 972-1130

Ammonite Resources provides technical evaluations and due diligence of direct oil and gas investments. Management consulting services in monitoring, structuring and exiting oil and gas investments also are offered.

The firm has special expertise in petroleum geology and engineering and the economics of oil and gas.

Significant changes or developments at the firm in the past year include the opening of offices in Oklahoma City and Austin, Texas.

There is one corporate tax-exempt client on retainer. The firm also provided services to three non-retainer clients during the past year, of which two were corporate and one was public.

There are 16 professional consultants. Fees are payable in hard dollars.

G.W. Hobbs IV is the client contact.

B

Ballard Biehl & Kaiser
2755 Campus Drive, San Mateo, Calif. 94403; (415) 571-5800

Ballard Biehl & Kaiser provides development of appropriate global asset allocation, including real estate.

The firm provides global asset allocation strategies to the investment management industry.

The firm has special expertise in global multiple asset allocation.

Significant changes or developments at the firm in the past year include the development of asset allocation software in cooperation with Wyatt Software.

Of the 10 tax-exempt clients on retainer, six are corporate, three are public and one is foundation/endowment.

There are five professional consultants. Fees are payable in hard and soft dollars.

The firm offers three investment vehicles: the BB&K International Fund; BB&K International Fixed Income Fund; and the Diversafund.

Clients include Bechtel, California Public Employees, Ameritech and the City of Los Angeles.

Brian E. Schaefer is client contact.

BARRA
1995 University Ave., Berkeley, Calif. 94704; (415) 548-5442

BARRA provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, private placements, futures/options and GIC manager performance measurement and analysis.

The firm also offers portfolio risk analysis and optimization (for the U.S., the U.K., Canada, Australia, Japan, Sweden, France the world and emerging markets); asset allocation tools; currency risk modeling; multiple manager analysis; normal portfolio construction and library; customized valuation and risk models; seminars; and newsletters.

The firm provides the following to the investment management industry: U.S. and international equity and fixed-income analyses; risk models of the major capital markets; and value-added consulting.

The firm has special expertise in quantitative investment consulting.

Significant changes or developments at the firm in the past year include the establishment of offices in Hong Kong and Frankfurt.

Of the 215 clients on retainer, 200 are corporate and 15 foundation/endowment.

There are 97 professional consultants. Fees are payable in hard and soft dollars.

Todd Doersch is the client contact.

Beacon Hill Financial Corp.
19 Elm St., Cohasset, Mass. 02025; (617) 383-2300

Beacon Hill Financial Corp. provides development of investment policies and objectives; and manager selection for real estate, venture capital, LBO and private placement investments.

The firm also offers distribution and marketing of

HANOVER CAPITAL ASSET MANAGEMENT, INC. 90 West Street, Suite 608 New York, New York 10006 212-732-4272 FAX (212) 732-4728

ACTIVE INVESTMENT MANAGEMENT OF MORTGAGE-BACKED SECURITIES

Marilyn J. Dicks
President & C.E.O.

Irma N. Tavares
Managing Director

private placement partnerships.

Marketing and distribution of private placements are offered to the investment management industry.

The firm has special expertise in marketing analysis.

The firm provided services to 22 tax-exempt non-retainer clients during the past year, of which 11 were corporate, six were public and five were foundation/endowment.

There are three professional consultants. Fees are payable in hard dollars.

The firm also offers investment banking and corporate finance advisory services.

Robert F. Johnston is client contact.

Bear Stearns Fiduciary Services Inc.

805 15th St. N.W., Suite 1120, Washington, D.C. 20005; (202) 898-2270

Bear Stearns Fiduciary Services Inc., a subsidiary of The Bear Stearns Cos. Inc., provides development of investment policies and objectives, and appropriate asset allocation. Manager selection and performance measurement are offered for U.S., foreign, real estate and GIC investments. Additional analysis is offered for U.S. and GIC investments.

The firm also offers assistance in obtaining fiduciary liability insurance and performs reviews of a fund's investment program.

The firm has special expertise in controlling investment risk and expense, in protecting sponsors from fiduciary exposure, and in evaluating and monitoring brokerage practices.

Of the 11 tax-exempt clients on retainer, two are corporate and nine are union. The firm also provided services to five tax-exempt non-retainer clients during the past year, of which one was corporate, two were union and two were foundation/endowment.

There are four professional consultants. Fees are payable in hard dollars.

Clients include Central States Teamsters; Masters, Masters, Mates & Pilots; Teamsters Local 293; and Plumbers Local 154.

Frank Lilly, Samuel Halpern and Alan Puldin are client contacts.

Becker, Burke Associates

221 N. LaSalle St., Chicago, Ill. 60601; (312) 782-5665

Becker, Burke Associates Inc. provides development of investment policies and objectives, and development of appropriate asset allocation. It provides manager selection services for U.S., global and real estate investments. Performance measurement and additional analysis is provided for U.S., global, real estate, private placements, futures/options and GIC investments. Performance measurement also is offered for venture capital and LBO investments.

Customized Performance Standards also are provided.

The firm provides performance measurement to the investment management industry.

The firm has special expertise in investment policy, manager structure, manager search, performance-based fees, performance attribution, foreign manager searches and Blue Cross reserves.

Significant changes or developments at the firm in the past year include enhanced performance attribution and the addition of nine clients.

Of the 16 tax-exempt clients on retainer, five are corporate, nine are public, one is union and one is foundation/endowment. Seven non-retainer tax-exempt clients — four corporate and three public — were assisted by the firm.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include the Chicago Municipal Workers, Kentucky Teachers, Naloo Chemical and Perkin Elmer.

Edmund Burke, Howard Pohl and Ron Surz are the client contacts.

Benetech Canada Inc.

2 Adelaide St. W., Suite 400, Toronto, Ontario M5H 1L6; (416) 369-9580

Benetech Canada Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and global/international and GIC manager selection and performance measurement.

The firm provides investment manager performance measures, policies, objectives, asset allocation and actuarial services to the investment management community.

The firm has special expertise in investment manager selection and reviews for Canadian-based pension plans.

There are two corporate tax-exempt clients on retainer. The firm also provided services to 10 non-retainer clients during the past year, of which nine were corporate and one was foundation/endowment.

There are 12 professional consultants. Fees are payable in hard dollars.

Fraser J.R. MacDonald is the client contact.

Berla Investment Consulting

43 Quail Court, Suite 108, Walnut Creek, Calif. 94596; (415) 947-0326

Berla Investment Consulting provides development of investment policies and objectives, and appropriate asset allocation. It also provides manager selection, performance measurement and additional analysis for U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC investments.

The firm has special expertise in investment performance measurement and analysis.

Of the 20 tax-exempt clients on retainer, eight are corporate, three are public, six are union and three are foundation/endowment. It has one union tax-exempt, non-retainer client.

There is one professional consultant. Fees are payable in hard dollars.

Clients include Electric Power Research Institute, IBEW Local 332, Merritt Peralta Medical Center and Mount Diablo Medical Center.

George A. Berla is client contact.

Bidart & Ross Inc.

6490 S. McCarran Blvd., Suite 15, Reno, Nev. 89509; (702) 826-6400

Bidart & Ross Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in asset allocation studies, employee communications, presentations, cost containment services, and assisting in administrative, actuarial and custodial searches and evaluations.

There are 21 corporate tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in hard and soft dollars.

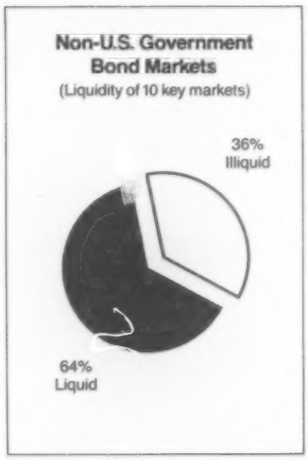
Clients include Evans & Sutherland, Blue Cross/Blue Shield, Idaho Power and the Washington Cos.

James Ross is client contact.

Finally, a global bond index based on government bonds that actually trade.

By tracking only actively traded bonds, the J.P. Morgan Government Bond Index is the fairest way to measure an investment manager's fixed-income performance. The Index includes only liquid issues in each of 11 markets, providing a daily benchmark for your portfolio performance that is based on reliable prices and is more reflective of actual market risks. With daily market prices and all settlement and interest calculations performed according to individual market conventions, the Index is becoming the preferred benchmark for investor performance in the global bond markets.

For more information on the J.P. Morgan Government Bond Index, call your consultant, or Sharon O'Connor, J.P. Morgan Securities Inc., (212) 648-0870.



With international bond markets varying widely in liquidity, an investment manager's portfolio can have a very different market exposure from a benchmark that includes illiquids.

JPMorgan

© 1990 J.P. Morgan & Co. Incorporated. J.P. Morgan Securities Inc. is a member of S.I.P.C.

The future of GICs: March 18.

SUPERIOR FIXED INCOME MANAGEMENT

- First Percentile Over Ten Years
- Above Median Manager 15 Consecutive Years
- Below Median Variability of Returns

SOVRAN
CAPITAL MANAGEMENT CORPORATION

Contact: Donald A. Steinbrugge
(804) 788-3805

Based on performance of Institutional Bond Fund through 12/31/89. Source: SEI

Alan D. Biller & Associates
333 Town & Country Village, Palo Alto, Calif. 94301; (415) 328-7283

Alan D. Biller & Associates Inc. provides development of investment policies and objectives, and of appropriate asset allocation. Manager selection, performance measurement and additional analysis is provided for U.S., foreign, real estate, private placements, futures/options and GIC investments.

The firm also acts as a fiduciary investment adviser, dealing with all aspects of plan policy, implementation and reporting.

The firm has special expertise in working with Taft-Hartley plans.

Of the five tax-exempt clients on retainer, one is corporate and four are union. The firm also provided services to two corporate tax-exempt non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Clients include Western Conference of Teamsters, ILWU-PMA Pension Plan, IUOE Locals 302 and 612, and Todd Pacific.

Alan D. Biller is client contact.

Employee benefit trends will be highlighted in the Dec. 10 issue.

Brock/Daniels Group
Suite 900, The Financial Center, Birmingham, Ala. 35203; (205) 250-5615

Brock/Daniels Group, a subsidiary of the Robinson-Humphrey Co., provides development of investment policies and objectives, and of appropriate asset allocation. Manager selection and performance measurement is offered for U.S. and global/international investments; additional analysis is offered for U.S. investments.

The firm has special expertise in serving plans with assets between $1 million and $30 million.

Of the 228 tax-exempt clients on retainer, 225 are corporate and three are foundation/endowment.

There are three professional consultants. Fees are payable in hard and soft dollars.

Brokerage services also are offered.

John G. Brock is client contact.

Brouwer & Janachowski Inc.
230 California St., Suite 420, San Francisco, Calif. 94111; (415) 362-4160

Brouwer & Janachowski Inc. provides development of investment policies and objectives, and of appropriate asset allocation. Manager selection, performance measurement and additional analysis is offered for U.S. and foreign investments.

The firm has special expertise in the no-load mutual fund industry.

The firm provided services to 18 tax-exempt non-retainer clients during the past year, of which 14 were corporate, one was public and three were foundation/endowment.

There are three professional consultants. Fees are payable in hard dollars.

Clients include San Francisco Chronicle Publishing, Stanford Business School Alumni Association and the Port of Oakland.

Randolph D. Eyler is client contact.

Buck Pension Fund Services
2 Pennsylvania Plaza, New York, N.Y. 10121; (212) 330-1248

Buck Pension Fund Services Inc., a subsidiary of Buck Consultants, provides development of investment policies and objectives, and of appropriate asset allocation. Manager selection and performance measurement is offered for U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC investments. Additional analysis is offered for U.S., foreign, real estate and GIC investments.

The firm offers development of normal portfolios for equity and fixed-income for the investment management industry.

The firm has special expertise in asset/liability modeling, manager searches, performance attribution and GIC and annuity placement.

Significant changes or developments at the firm in the past year include the opening of regional offices in Chicago, Dallas and Pittsburgh.

Of the 18 tax-exempt clients on retainer, 12 are corporate, four are public, one is union and one is foundation/endowment. The firm also provided services to 33 tax-exempt non-retainer clients during the past year, of which 26 were corporate, three were public, two were union and two were foundation/endowment.

There are 13 professional consultants. Fees are payable in hard and soft dollars.

William H. Overgard is the client contact.

C

Callan Associates Inc.
71 Stevenson St., Suite 1300, San Francisco, Calif. 94105; (415) 974-5060

Callan Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm provides style performance reports, investment measurement service, presentation consulting, marketing program analysis and product analysis to the investment management community.

The firm has special expertise in strategic planning to include asset allocation, liability simulation, asset mix optimization and a full range of consulting services relating to pension fund management.

Significant changes or developments at the firm in the past year include the establishment of a consulting office in Denver and the addition of international performance measurement analysis.

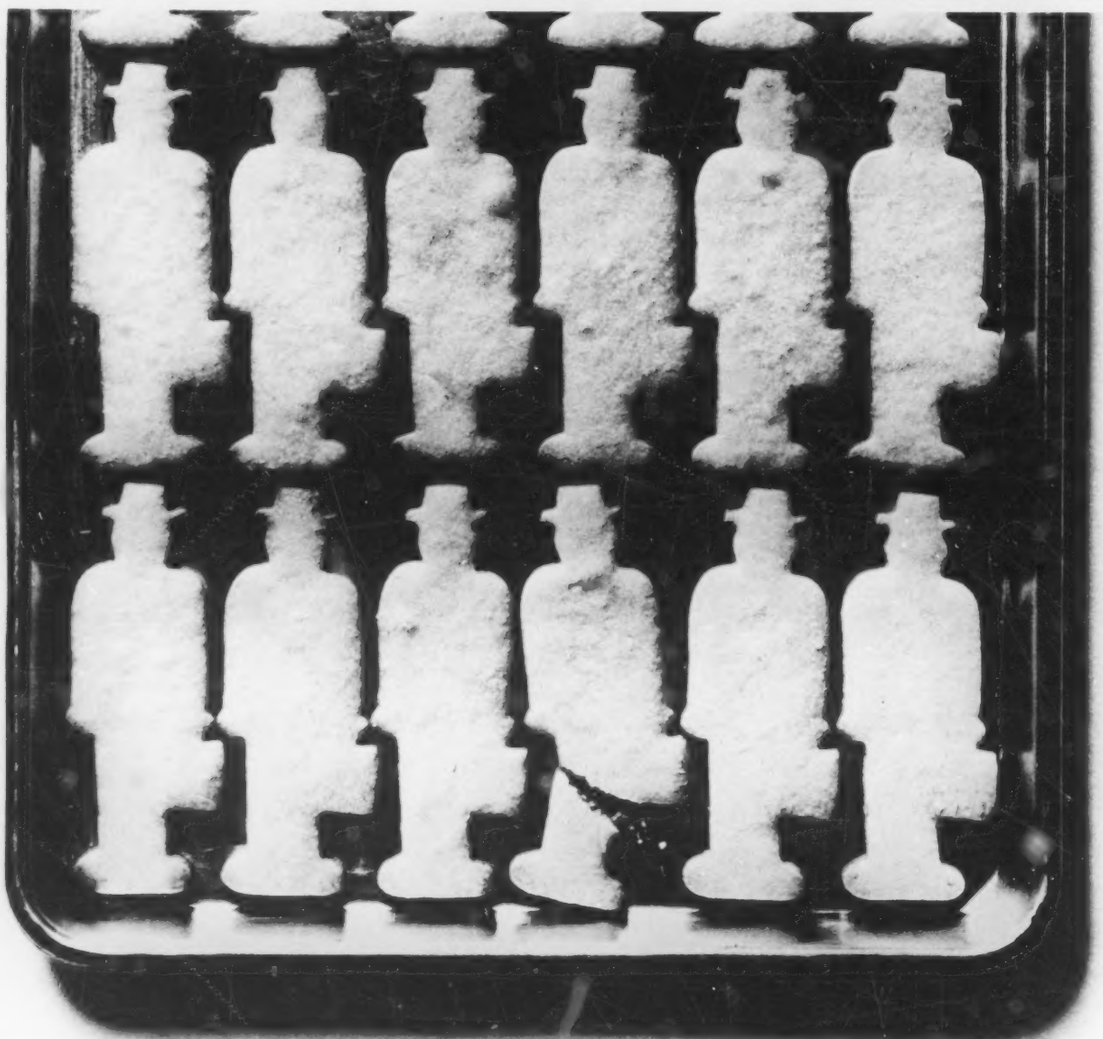
Of the 221 clients on retainer, 73 are corporate, 52 are public, 32 are union, 19 are foundation/endowment and 45 are in miscellaneous categories. The firm also provided services to 41 non-retainer clients during the past year, of which 23 were corporate, 10 were public, three were union, three were foundation/endowment and two were in miscellaneous categories.

There are 31 professional consultants. Fees are payable in hard and soft dollars.

Ronald D. Peyton is the client contact.

Cambridge Associates Inc.
1 Financial Center, Boston, Mass. 02111; (617) 439-3232

Cambridge Associates Inc. provides development of investment policies and objectives; development



WHAT WORKS FOR ONE MASTER TRUST CLIENT DOESN'T NECESSARILY WORK FOR ALL.

A lot of master trust providers seem to be cut from the same mold. They shape their services to fit the needs of the big guys, but there's not much flexibility when it comes to serving small and mid-size companies.

We take another tack. Because every client is different and has different needs, we roll out our master trust and custody services to suit each one. And we still give you all the sophisticated systems you'd expect from someone much larger.

We're not the biggest in the business, but that only helps make our services all the more pliable. It's how we build long-term relationships that don't crumble.

For information, including our brochure, call Preston H. Loftin at (404) 230-5479.

SUNTRUST
MASTER TRUST & CUSTODY SERVICES

SunTrust is a service mark of SunTrust Banks, Inc.

of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options manager selection, performance measurement and analysis. Manager selection and performance measurement are offered for GIC investments.

The firm also offers investment and financial planning research reports.

The firm has special expertise in financial and investment planning for colleges and universities, foundations, museums, hospitals, international organizations, and other non-profit institutions. Extensive coverage is offered for real estate, venture capital, global investing and other non-traditional assets.

Significant changes or developments at the firm in the past year include the opening of a San Francisco office.

The firm has 300 clients on retainer.

There are 25 professional consultants. Fees are payable in hard and soft dollars.

Clients include Harvard University, Metropolitan Museum, John D. and Catherine T. MacArthur Foundation and Stanford University.

Sandra Urie Thorpe is client contact in Boston.

The Capital Control Group

750 Lake Cook Road, Buffalo Grove, Ill. 60089; (708) 459-4770

The Capital Control Group Ltd. provides development of investment policies and objectives; development of appropriate asset allocation; and manager selection and performance measurement for U.S. and real estate investments.

The firm has special expertise in consulting to Taft-Hartley plans.

Significant changes or developments at the firm in the past year include the addition of new reports for clients, including a commission analysis.

Of the 35 tax-exempt clients on retainer, 30 are corporate and five are union. The firm provided services to 50 non-retainer tax-exempt clients, of which 25 were corporate and 25, union.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Plumbers & Pipefitters Local 85, Sheet Metal Workers Local 70 and Pennywise Publications.

Jay Rosen is client contact.

Capital Trust Co.

4380 S.W. Macadam, Portland, Ore. 97201; (503) 228-2300

Capital Trust Co., a subsidiary of Harris & Harris Group, provides development of investment policies and objectives; development of appropriate asset allocation; U.S. and foreign manager selection, performance measurement and analysis; venture capital manager selection and performance measurement; and futures/options manager selection and analysis.

The firm has special expertise in quantitative analysis, construction of custom benchmarks and performance attribution.

Of the 15 tax-exempt clients on retainer, eight are corporate, two are union and five are foundation/endowment. The firm also provided services to six non-retainer clients during the past year, of which five were corporate and one was public.

There are three professional consultants. Fees are payable in hard dollars.

Clients include Pacificorp, Payless, Hyster and Stevedoring Services of America.

Nancy L. Jacob is the client contact.

The Carmack Group Inc.

1961 Huntington Drive, Suite 201, Alhambra, Calif. 91801-1240; (818) 289-0873

The Carmack Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; manager selection, performance measurement and additional analysis for U.S., real estate, futures/options and TAA investments; manager selection and additional analysis for venture capital investments; and manager selection and performance measurement for GIC investments.

The firm provides customized analytical graphics and development of relevant benchmarks to the investment management industry.

The firm has special expertise in analyses of performance characteristics; development of relevant benchmarks; and comprehensive analyses of TAA and convertibles securities portfolios.

Of the 12 tax-exempt clients on retainer, nine are corporate and three are foundation/endowment. The firm also provided services to six tax-exempt non-retainer clients during the past year, of which four were corporate and two were foundation/endowment.

There are 12 professional consultants. Fees are payable in hard and soft dollars.

Clients include Cal Tech, Loyola Marymount University and The Common Fund.

J.A. Carmack is client contact.

CDA Investment Technologies Inc.

1355 Piccard Drive, Rockville, Md. 20850; (301) 975-9600

CDA Investment Technologies Inc., a subsidiary of Thomson Corp., provides U.S. and foreign investment performance measurement and analysis.

The firm provides the following to the investment management industry: performance measurement, portfolio analysis, comparative performance statistics and asset allocation.

The firm has special expertise in custom performance measurement and analysis applications.

The firm provided services to 270 non-retainer tax-exempt clients during the past year, of which 238 were corporate, 14 were public, 10 were union and eight were foundation/endowment.

There are 12 professional consultants. Fees are payable in hard and soft dollars.

Lisa M. Warren is the client contact.

C.E.D.A.R. Investment Services Ltd.

902, Kapilano 100, Park Royal, West Vancouver, British Columbia V7T 1A2; (604) 926-7358

C.E.D.A.R. Investment Services Ltd. provides screening and consultation for socially responsive Canadian investments.

The firm provides social audit analysis to the investment management industry.

The firm has special expertise in Canadian ethical/socially responsive investing.

There is one professional consultant. Fees are payable in hard dollars.

Tracey Gagan is the client contact.

Collins Associates

840 Newport Center Drive, Newport Beach, Calif. 92627; (714) 644-5751

Collins Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in discovery, evaluation, selection and monitoring of independent investment managers, including hedge funds and niche managers.

Significant changes or developments at the firm in the past year include the development of four investment vehicles.

Of the 20 tax-exempt clients on retainer, 16 are corporate and four are foundation/endowment.

There are nine professional consultants. Fees are payable in hard dollars.

Clients include FMC, Sunkist Growers, Xerox and the University of Texas.

Donald W. Leahy is the client contact.

Colonial Consulting Corp.

610 Fifth Ave., Suite 420, New York, N.Y. 10020; (212) 307-1830

Colonial Consulting Corp. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement and analysis.

The firm also offers selection and monitoring of custodians, forecasting and client education meetings.

Systems consulting is provided to the investment management industry.

The firm has special expertise in serving foundations and endowments, and in investment technology.

Of the 13 tax-exempt clients on retainer, two are corporate and 11 are foundation/endowment.

There are nine professional consultants. Fees are payable in hard and soft dollars.

Clients include Dominion Resources, Charles A. Dana Foundation, Carnegie Endowment for International Peace and National Council of the YMCA.

Jeffrey A. Teper is client contact.

Consulting Group

222 Delaware Ave., Ninth Floor, Wilmington, Del. 19801

Consulting Group, a division of Shearson Lehman Brothers Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and foreign manager selection, performance measurement and analysis.

The firm has special expertise in qualitative and quantitative proprietary investment manager analysis.

Significant changes or developments at the firm in the past year include enhancement of technical reporting capabilities and additional staff analysts.

Of the 197 clients on retainer, 44 are corporate, 52 are public, 50 are union and 51 are foundation/endowment.

There are 131 professional consultants. Fees are payable in hard and soft dollars.

Clients include Kansas Power & Light/Gas Service, City of Cincinnati, University of Arizona Foundation and the Brotherhood of Maintenance of Way Employes.

David J. Shanahan is the client contact at (312) 648-3052.

Consulting Services Group

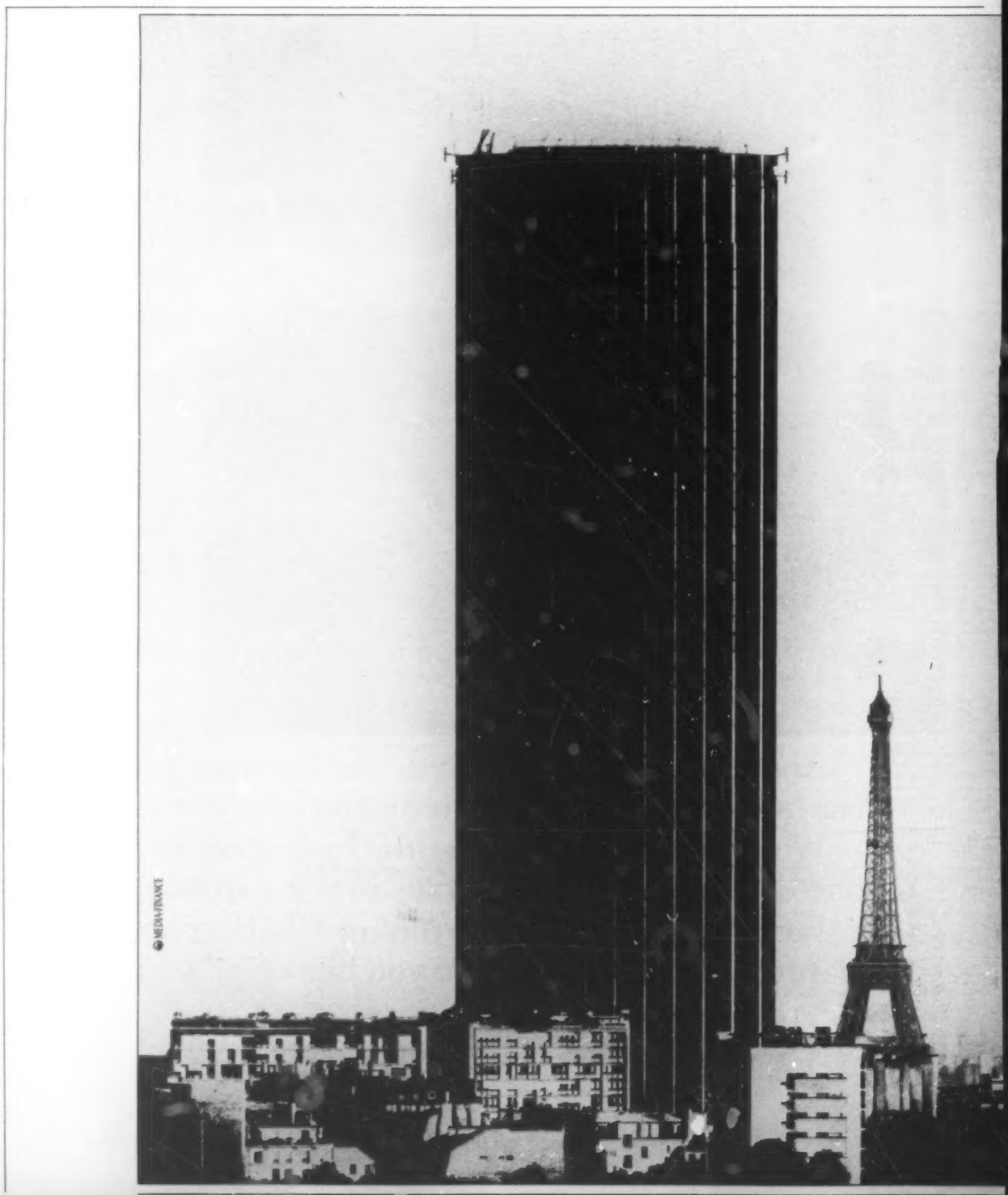
80 Monroe Ave., Suite 800, Memphis, Tenn. 38103; (901) 525-8080

Consulting Services Group L.P. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, private placement, futures/options and GIC manager selection, performance measurement and analysis.

The firm also offers asset allocation analysis and peer group comparison reporting.

The firm provides asset allocation analysis and performance comparison reports to the investment management industry.

The firm has special expertise in investment goal and guideline preparation, asset allocation, historical reviews, manager searches and selection, and



on-going performance evaluation.

Significant changes or developments at the firm in the past year include the acquisition of the firm from Furman Seitz Mager Dietz & Birney. The staff was increased to 26.

Of the 30 tax-exempt clients on retainer, 18 are corporate, three are public, one is union and eight are foundation/endowment. The firm also provided services to one corporate tax-exempt non-retainer client during the past year.

There are 11 professional consultants. Fees are payable in hard and soft dollars.

Clients include Memphis Light, Gas & Water, Hospital Corp. of America, Arch Mineral and LeBonheur Children's Medical Center.

Lee Giovannetti is client contact.

D

Dahab Associates Inc.
52 Nassau Ave., Islip, N.Y. 11751; (516) 277-8301

Dahab Associates Inc. provides development of investment policies and objectives; and appropriate asset allocation; and U.S., foreign, real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in custom reporting and unusual policy restrictions.

Significant changes or developments at the firm in the past year include the opening of an Orlando, Fla., office.

Of the 33 tax-exempt clients on retainer, nine are corporate, six are public, nine are union, five are foundation/endowment and four are other types of clients.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Pennsylvania Municipal Retirement System, the City of Newport News, Sonat and New Jersey IBEW Local 592.

Richard Dahab, David Parker and Janine Foreman are the client contacts.

Davies Investment Associates Inc.
215 Piedmont Ave. N.E., Suite 1009, Atlanta, Ga. 30308; (404) 525-7541

Davies Investment Associates Inc. provides development of investment policies and objectives, and appropriate asset allocation; and U.S., foreign, real estate and GIC manager selection. Performance measurement is offered for U.S., foreign and real estate managers; additional analysis is available for U.S. managers.

Of the eight tax-exempt clients on retainer, four are corporate and four are public. The firm has 12 non-retainer tax-exempt clients, of which six are corporation and six are public funds.

There is one professional consultant. Fees are payable in hard and soft dollars.

James J. Davies is client contact.

Dean Witter Reynolds' Investment Consulting Services
2 World Trade Center, 74th Floor, New York, N.Y. 10048; (212) 392-7075

Dean Witter Reynolds' Investment Consulting Services, a unit of Dean Witter Reynolds Inc., a member of the Sears Financial Network, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign and options/futures manager selection, performance measurement and analysis.

The firm also offers custodial and trading services.

The firm has special expertise in money manager search and referral.

Significant changes or developments at the firm in the past year include the addition of a due diligence specialist to research global/international managers.

Of the 396 tax-exempt clients on retainer, 308 are corporate, 31 are public, 21 are union and 36 are foundation/endowment.

There are 16 professional consultants. Fees are payable in hard and soft dollars.

Clients include the City of New Orleans, McConnell Foundation, Michigan Laborers and Chicago Firemen.

Kevin M. Hunt is the client contact.

DeMarche Associates Inc.
1900 W. 47th Place, Suite 300, Westwood, Kan. 66205; (913) 384-4994

DeMarche Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm provides the Style Code Rating System (SCORS), DeMarche Strategy Service, performance diagnostics and attribution services to the investment management industry.

The firm has special expertise in research, particularly in performance attribution.

Significant changes or developments at the firm in the past year include the establishment of a survey department and development of a manager optimization product.

Of the 140 tax-exempt clients on retainer, 70 are corporate, 26 are public, eight are union and 36 are foundation/endowment. The firm also provided services to 28 non-retainer tax-exempt clients during the past year, of which 14 were corporate, seven were public, one was union and six were foundation/endowment.

There are 16 professional consultants. Fees are payable in hard and soft dollars.

Clients include Baxter International, Emerson Electric, Inland Steel and Missouri Public School Retirement System.

Steve Farrell is the client contact.

Dorn & Helliesen Inc.
1995 University Ave., Suite 380, Berkeley, Calif. 94704; (415) 548-3400

Dorn & Helliesen Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital and GIC manager selection, performance measurement and analysis.

The firm also emphasizes evaluation and analysis as a fiduciary; traditional portfolio measurement is de-emphasized.

The firm has special expertise in policy and guidelines, manager search and evaluation, and optimization of manager allocation and structure.

Significant changes or developments at the firm in the past year include the addition of a principal.

Of the 12 tax-exempt clients on retainer, six are corporate, four are public, one is union and one is foundation/endowment. The firm also provided services to five tax-exempt non-retainer clients during the past year, of which four were corporate and one was public.

There are five professional consultants. Fees are payable in hard dollars.

Clients include the State of Idaho, Contra Costa County, Albertsons and the Retail Clerks of Washington.

Robert Helliesen is the client contact in the California office; Douglas Dorn is the client contact in the Boise, Idaho, office at (208) 344-9200.

E

Effron Enterprises Inc.
363 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200

Effron Enterprises Inc. provides U.S. and foreign manager selection and performance measurement and analysis. Performance measurement and analysis also is offered for futures/options and GIC investments.

The firm also offers statistical analysis, hybrid and customized indexes and portfolio strategies.

The firm provides the following to the investment management industry: performance measurement analysis; portfolio accounting (domestic, international and global); customized projects; and manager data bases (domestic and global).

The firm has special expertise in performance measurement, portfolio accounting, international investment theory and customized investment projects.

The firm provided services to 130 tax-exempt non-retainer clients during the past year, of which 118 were corporate, six were public, one was union and five were foundation/endowment.

There are seven professional consultants. Fees are payable in hard and soft dollars.

Stephen J. Klein is client contact.

Ennis, Knupp & Associates
10 S. Riverside Plaza, Suite 700, Chicago, Ill. 60606; (312) 715-1700

Ennis, Knupp & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, private placement, futures/options and GIC manager selection, performance measurement and analysis. Performance measurement only is offered for LBO investments.

The firm also offers capital markets research and manager style analysis.

The firm has special expertise in foreign investments, currency hedging, real estate and venture capital.

The firm has 36 retainer clients. The firm also provided services to 13 tax-exempt non-retainer clients during the past year.

There are 20 professional consultants. Fees are payable in hard and soft dollars.

Clients include Georgia-Pacific, Chicago Police, Central Pension Fund IUOE and the MacArthur Foundation.

James F. Knupp is client contact.

Eppler Guerin & Turner Pension Consulting
1445 Ross Ave., Suite 2300, Dallas, Texas 75201; (214) 880-9000

Eppler Guerin & Turner Pension Consulting, a subsidiary of The Principal Financial Group, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital and GIC manager selection, performance measurement and analysis.

The firm has special expertise in providing individualized service.

Of the 26 clients on retainer, 23 are corporate,

Crédit Agricole, through its specialized capital markets subsidiary, Segespar-Titres, is Europe's financial management leader in the fast-paced, ever-changing financial markets of the world.

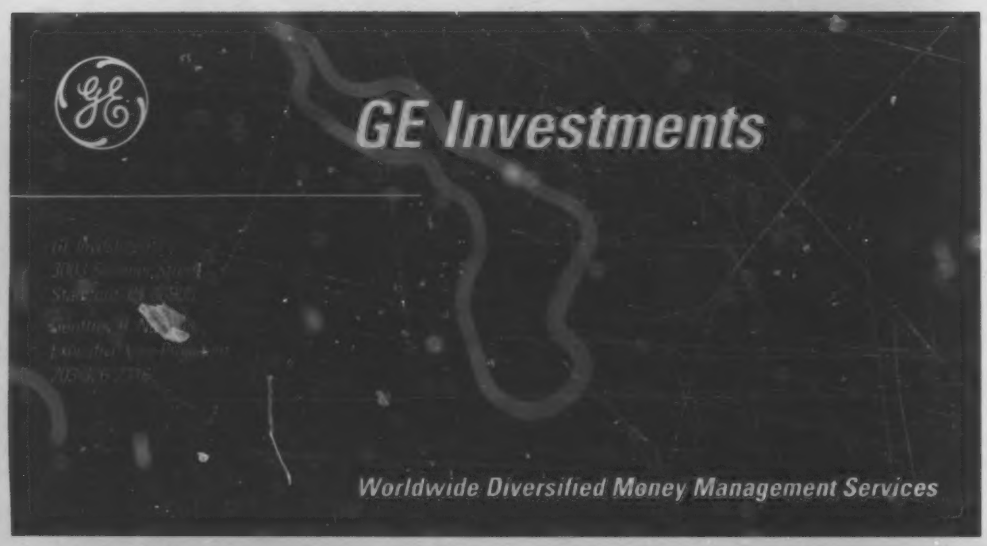
Because of its global experience and operations, Crédit Agricole's expert team of banking and financial professionals can provide the widest possible range of client support services to institutions, business corporations and individuals worldwide.

Crédit Agricole, the number seven bank worldwide, already maintains a strong presence in all major financial capitals. By expanding its activities in Geneva, Madrid, Hong Kong, New York and now in Luxembourg, Crédit Agricole is giving the world a European home, and Europe a worldwide home.

Welcome to Crédit Agricole, not just in Paris, but everywhere.

SEGESPAR TITRES
CREDIT AGRICOLE GROUP

Segespar-Titres: Tél: (1) 43.23.32.04 Fax: (1) 43.23.57.85
Capital Market Division: Tél: (1) 43.79.00.00 Fax: (1) 43.23.66.34
International Division: Tél: (1) 43.23.28.39 Fax: (1) 43.23.21.12
Luxembourg: Tél: 46.808.206 Fax: 46.451.856 - **London:** Tél: 44.1.248.14.00 Fax: 44.1.248.07.88 - **Frankfurt:** Tél: 49.69.27.30.50 Fax: 49.69.27.30.51.78 - **Milan:** Tél: 39.28.50.51 Fax: 39.2.87.87.47
Geneva: Tél: 41.22.21.95.00 Fax: 41.22.21.66.65 - **Madrid: Crédit Agricole:** Tél: (341) 456.14.64 Fax: (341) 409.73.21 - **Aba:** Tél: (341) 563.24.85 Fax: (341) 563.27.31 - **New York: Crédit Agricole:** Tél: (212) 618.22.00 Fax: (212) 618.22.52 - **Bertrand Michel Securities Inc:** Tél: (212) 593.93.20 Fax: (212) 593.79.76
Hong Kong: Tél: (852) 525.52.31 Fax: (852) 584.59.284.



two are public and one is foundation/endowment.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include City of Dallas, H.E. Butt Grocery, VIA Transit Authority and Dallas Area Rapid Transit.

John A. Pickett is the client contact.

Evaluation Associates Inc.
200 Connecticut Ave., Norwalk, Conn. 06854; (203) 855-2259

Evaluation Associates Inc., a subsidiary of MONY Financial Services, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placement, futures/options and GIC manager selection, performance measurement and analysis.

The firm also offers several publications and funds management.

The firm provides research services relating to performance evaluation and attribution for domestic and foreign equity advisers to the investment management industry.

The firm has special expertise in evaluating and selecting managers.

Of the 80 tax-exempt clients on retainer, 50 are corporate, 10 are public, three are union and 17 are foundation/endowment. The firm also provided services to 12 tax-exempt non-retainer clients during the past year, of which eight were corporate, one was union and three were foundation/endowment.

There are eight professional consultants. Fees are payable in hard and soft dollars.

The firm offers two commingled group trusts and 15 customized funds.

Clients include Colgate Palmolive, Martin Marietta, City of Baltimore and Pennsylvania Public Schools.

Robert B. Mayerick is client contact.

F

Financial Guaranty Corp.
7301 Ohms Lane, Suite 310, Edina, Minn. 55439; (612) 893-1334

Financial Guaranty Corp., with special expertise in guaranteed investment contracts, provides GIC/BIC strategy analysis, issuer selection, credit analysis, portfolio structuring and liquidity analysis.

Of the 10 tax-exempt clients on retainer, nine are corporate and one is union. The firm also provided services to 24 tax-exempt non-retainer clients during the past year, of which 22 were corporate, one was public and one was union.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Toro Co., Federal National Mortgage Association, Farmers Union Central Exchange and Minnesota Power Co.

Glen A. Happe is the client contact.

Gifford Fong Associates
1600 Riviera Ave., Suite 285, Walnut Creek, Calif. 94596; (415) 932-1910

Gifford Fong Associates, a subsidiary of Prudential Insurance Co., provides development of investment policies and objectives and development of appropriate domestic and international asset allocation.

The firm provides full range of research and application of theoretical concepts to fixed-income and equity investment managers.

The firm has special expertise in performance attribution and quantifying and controlling risk in fixed-income portfolio management strategies.

During the past year, the firm made further developments in security valuation, including CMOs and futures and options.

There are 15 professional consultants. Fees are payable in hard and soft dollars.

Tina Norris is the client contact.

Fund Evaluation Group
414 Walnut St., Suite 812, Cincinnati, Ohio 45202; (513) 977-4400

Fund Evaluation Group provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, futures/options and GIC manager evaluation, selection, performance measurement and analysis.

The firm has special expertise in insurance company and endowment/foundation consulting, risk evaluation and fixed-income analysis.

Of the 80 tax-exempt clients on retainer, 45 are corporate, two are public, eight are union and 25 are foundation/endowment. The firm also provided services to four tax-exempt non-retainer clients during the past year, of which two were corporate and two were foundation/endowment.

There are six professional consultants. Fees are payable in hard and soft dollars.

Clients include Indiana University, Michigan Legislative Retirement System and Michigan State University Foundation.

Brad Eden is the client contact.

G

Global Asset Management Associates Inc.
955 Park Ave., New York, N.Y. 10028; (212) 744-0640

Global Asset Management Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and foreign and private placements performance analysis.

The firm provides assistance to non-U.S. portfolio managers interested in entering the U.S. market, and has special expertise in global investment strategies.

The firm has one corporate and one public long-term, non-retainer, tax-exempt client. The firm also provided services to one corporate tax-exempt non-retainer clients during the past year.

There is one professional consultant. Fees are payable in hard dollars.

A.J. Warner is the client contact.

Griffin & Associates
6114 LaSalle Ave., Suite 294, Oakland, Calif. 94611; (415) 531-7977

Griffin & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., private placements and GIC/BIC manager evaluation and

Nuclear decommissioning trust
Endowment and foundation cash flow funding
Bond immunization
Post-Retirement health care funding
Portico Bond IMMDEX™ Fund
FASB 87 pension liability funding
Customized bond indexing
For an outstanding performance, each of these fixed income applications must be well-orchestrated and expertly conducted.
First Wisconsin Trust Company is the maestro of Structured Fixed Income.
Let us perform for you.
Call:
Robert Aubrecht (414) 765-4906
or
Charles Groeschell (414) 765-4789
FIRST WISCONSIN TRUST COMPANY
A LEADER IN STRUCTURED FIXED INCOME
P.O. BOX 2054 · MILWAUKEE, WISCONSIN 53201

IRRC's user-enhanced PROXYVOTER version 3.0

call for your free demonstration diskette

the FAST, EASY, COMPLETE proxy voting software system used by leading institutional investors to vote proxies, keep records and write reports

IRRC Investor Responsibility Research Center Inc.
David Popper/David Hauck
1755 Massachusetts Ave., N.W.
Washington, DC 20036
202/234-7500

selection. Additional performance analysis is offered for U.S. managers.

The firm has special expertise in plan design and implementation for defined benefit and defined contribution plans.

Of the three tax-exempt clients on retainer, two are corporate one is a foundation/endowment. The firm also provided services to seven tax-exempt non-retainer clients during the past year, of which six were corporate and one was a foundation/endowment.

There are two professional consultants. Fees are payable in hard and soft dollars.

John J. Griffin is the client contact.

H

Hamilton & Co. Inc.

101 Carnegie Center, Princeton, N.J. 08540; (609) 452-0300

Hamilton & Co. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm also offers Sharpshooter, a monitoring and reconciliation service that checks all activities that occur in the custodial and investment management area.

Significant changes or developments at the firm in the past year include the addition of cash management and portfolio liquidity consulting services.

There are 50 tax-exempt clients on retainer.

There are 11 professional consultants. Fees are payable in hard and soft dollars.

Clients include the American Automobile Association, Fairfax County Educational Employees Supplemental Retirement System and TECO Energy.

Susan C. Lohuis and Neil T. Johnson are the client contacts.

Hamilton Consulting Services

2 N. LaSalle, Chicago, Ill. 60602; (312) 444-2108

Hamilton Consulting Services, a subsidiary of Hamilton Investments, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager evaluation, selection, performance measurement and analysis.

The firm provided services to eight tax-exempt non-retainer clients during the past year, of which seven were corporate and one was a foundation/endowment.

There are two professional consultants. Fees are payable in hard and soft dollars.

Barry K. Mendelson is the client contact.

J.A. Hannah Investment Advisory Service Inc.

99 Summer St., Suite 1620, Boston, Mass. 02110; (617) 737-8484

J.A. Hannah Investment Advisory Service Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital and GIC manager evaluation, selection and performance measurement. Additional performance analysis is offered for U.S., foreign, real estate and GIC managers.

The firm also offers proxy monitoring and cost analysis.

The firm has special expertise in performance attribution analysis.

Of the 22 tax-exempt clients on retainer, five are corporate, 15 are public and two are union.

There are three professional consultants. Fees are payable in hard dollars.

Clients include Middlesex County, HP Hood, Boston Whaler and the City of Haverhill.

Susan Flynn is the client contact.

Robert Harrell & Associates

1120 Lakeside Square, 12377 Merit Drive, Dallas, Texas 75251; (214) 934-7811

Robert Harrell & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, futures/options and GIC manager selection, performance measurement and additional analysis. Venture capital manager selection also is offered.

The firm has special expertise in the integration of actuarial policies for defined benefit plans and spending and investment policies for endowments.

Of the 14 tax-exempt clients on retainer, nine are corporate, one is public and four are foundation/endowment.

There are three professional consultants. Fees are payable in hard dollars.

Clients include E-Systems, Trinity University, Mid-America Dairymen and Luby's Cafeterias.

Brian K. Hayes is the client contact.

B. Hauptman & Associates

58 E. Burlington, Fairfield, Iowa 52556; (515) 472-8581

B. Hauptman & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager evaluation and selection.

The firm also offers private limited partnership and hedge fund consulting.

The firm has special expertise in non-traditional investment strategies, including hedge funds.

During the past year, the firm increased its hedge fund data base to 350 funds and established the Genesis Capital Fund.

There are two professional consultants. Fees are payable in hard and soft dollars.

William H. Hurlin is the client contact.

Hewitt Associates

100 Half Day Road, Lincolnshire, Ill. 60069; (708) 295-5000

Hewitt Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in manager monitoring, asset and asset/liability modeling and value-added analysis.

Of the 60 tax-exempt clients on retainer, 55 are corporate, one is public, one is union and three are foundation/endowment. The firm also provided services to 100 non-retainer tax-exempt clients during the past year, of which 80 were corporate and 20 were foundation/endowment.

A SUCCESSFUL INVESTMENT STRATEGY IS IN THE CARDS.

When you call on an independent partner of New England Investment Companies, you get a highly successful investment expert that can help your institution define its specific investment objectives and meet them with innovative strategies and sophisticated management techniques.

Boylston Capital Advisors—Invests in private debt financings and mortgages and also offers asset/liability management.

Back Bay Advisors®—Provides expertise in every area of fixed-income investment, including futures, options, and high-yield bonds. Back Bay's investment professionals also have extensive experience in multiple fixed-income specialties.

Copley Real Estate Advisors—One of the nation's top equity real estate managers. Copley's specialty is developmental joint ventures with experienced local developers.

Marlborough Capital Advisors—Invests in private mezzanine securities of established small to midsized companies. Marlborough's professionals are proficient in negotiating, structuring, and pricing deals.

Loomis, Sayles & Company—One of the oldest and most respected investment counseling firms. Loomis is widely recognized for its extensive research capabilities.

To learn more about any or all of these investment experts, call Antwine Jefferson III. You'll find his business card on this page, too.

New England Investment Companies

T. Rowe Price
Guaranteed Asset Advisers, Inc.

Specialists in
Managing Guaranteed Investments

Contact: Keith Lewis (301) 547-2332

T. Rowe Price
100 E. Pratt Street, Baltimore, MD 21202

T.RowePrice

There are 18 professional consultants. Fees are payable in hard and soft dollars.

Clients include AMP, Adolph Coors, Southland and Upjohn.

Ronald A. Jones is the client contact.

Higgins Associates
124 Mount Auburn St., Cambridge, Mass. 02138; (617) 864-8200

Higgins Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign and venture capital manager selection, performance measurement and analysis.

The firm also acts as a manager of portfolios of mutual funds, and has special expertise in the control of investment risk for plan portfolios.

The firm provided services to 18 tax-exempt non-retainer clients during the past year, of which 10 were corporate and eight were public.

There are four professional consultants. Fees are payable in hard dollars.

Clients include Western Union, Connecticut Conference of Municipalities, Tufts Medical and Addison Wesley.

Edwin M. Higgins is the client contact.

The Book of Lists: Dec. 24.

ASB CAPITAL MANAGEMENT INC.

Fixed Income
Top Quartile Performance in Each of the
Past Four Full Market Cycles: 1977 to Present

Equity
A Relative Value Approach Designed to Achieve
Superior Returns Without Excessive Risk

Real Estate
Individually Managed Portfolios
and Pooled Fund Investments

$7.7 Billion Under Management

For Further Information,
Please Contact Terence Collins, President
(202) 383-6363

ASB CAPITAL MANAGEMENT INC.
Washington, DC

Managing Capital From the Nation's Capital

Fixed income performance based on Employee Benefit Bond Fund. Source: SEI

A. Foster Higgins & Co. Inc.
212 Carnegie Center, Princeton, N.J. 08543; (609) 520-2500

A. Foster Higgins & Co. Inc., a subsidiary of Johnson & Higgins, provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate and GIC manager selection and performance measurement; and additional performance analysis of U.S. and GIC managers.

The firm provides annual survey information of GIC/BIC carrier capacity and plan sponsor investment options to the investment management industry.

The firm has special expertise in asset/liability modeling; investment policy/objective setting; GIC/BIC consulting; annuity placements; and GIC investment management.

There are eight professional consultants. Fees are payable in hard dollars.

Brian C. Ternoey is the client contact.

Holbein Associates Inc.
17304 Preston Road, Suite 836, Dallas, Texas 75252; (214) 733-6898

Holbein Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, futures/options and GIC manager evaluation, selection and performance measurement. Additional performance analysis is available for all investment classes except GICs.

The firm has special expertise in asset liability simulation and manager mix analysis for appropriate risk/reward levels within asset categories.

Of the six tax-exempt clients on retainer, three are corporate and three are public. The firm also provided services to one corporate and one public tax-exempt non-retainer client during the past year.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Texas Teachers, Texas Permanent School Fund, Texas County and District Retirement and Stewart & Stevenson Services.

Richard Holbein is the client contact.

I

Ibbotson Associates Inc.
8 S. Michigan Ave., Suite 700, Chicago, Ill. 60603; (312) 285-1000

Ibbotson Associates Inc. provides development of investment policies, investment strategy research, investment product development and asset allocation.

Asset allocation, strategy research and product development are implemented using state-of-the-art methods in optimization, simulation and forecasting to translate data and knowledge bases into research output.

Laurence B. Siegel is the client contact.

Institutional Fund Consultants Inc.
2423 American Lane, Madison, Wis. 53704; (608) 244-3541

Institutional Fund Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and foreign manager selection and performance measurement. Additional analysis also is offered for U.S. managers.

The firm also offers mutual fund selection for 401(k) plans and smaller employee benefit plans.

The firm has special expertise in the development of comprehensive investment policy statements and investment strategy for the longer term.

Of the 17 tax-exempt clients on retainer, 15 are corporate, one is union and one is a foundation/endowment. The firm also provided services to six tax-exempt non-retainer clients during the past year, of which four were corporate and two were public.

There are two professional consultants. Fees are payable in hard and soft dollars.

Clients include Gillett Group, Painters District Council No. 5, Sedgwick James and Reid Memorial Hospital.

Gordon L. King is the client contact.

Institutional Property Consultants Inc.
4330 LaJolla Village Drive, Suite 310, San Diego, Calif. 92122; (619) 458-1120

Institutional Property Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and manager evaluation, selection, performance measurement and analysis, all for real estate.

The firm also offers definition of real estate investment objectives and policy; establishment of transaction review and asset management processes; due diligence on prospective property investments; definition of environmental hazard policy; and design of manager fee schedules.

The firm has special expertise in the blending of theoretical consulting and hands-on real estate experience.

Of the 34 tax-exempt clients on retainer, eight are corporate, 21 are public, two are union and three are foundations/endowments. The firm also provided services to five tax-exempt non-retainer clients during the past year, of which two were corporate, two were public and one was a

MIG Residential Trust
a Group Trust organized to invest exclusively in selected residential apartments, has acquired:

TANASBOURNE TERRACE APARTMENTS

Hillsboro (Portland), Oregon
$18,775,000

MIG Companies

The MIG Companies
1645 Palm Beach Lakes Boulevard • Suite 600
West Palm Beach, Florida 33401
(407) 686-1800

foundation/endowment.

There are 10 professional consultants. Fees are payable in hard dollars.

Paul H. Saylor and Barbara R. Cambon are the client contacts.

Institutional Shareholder Services Inc.

3333 K St. N.W., Suite 400, Washington, D.C. 20007; (202) 333-0339

Institutional Shareholder Services Inc. provides development of investment policies and objectives and U.S. and foreign performance measurement.

For the investment management industry, the firm provides guidance on fiduciary and legal obligations, specializing in proxy voting policy, procedure, analysis and record keeping.

The firm has special expertise in corporate performance analysis, proxy voting policy development, board of director selection assistance, corporate governance and proxy voting analysis and recommendation.

Significant changes or developments at the firm in the past year include the introduction of two services: the Voting Agent Service for institutional investors wishing to contract out their entire proxy voting operations; and the Proxy Monitor Service for corporate plan sponsors who delegate proxy voting authority to third parties.

Of the 92 tax-exempt clients on retainer, 65 are corporate, 20 are public, three are union and four are foundation/endowment. The firm also provided services to 123 non-retainer tax-exempt clients during the past year, of which 80 were corporate, 30 were public, six were union and seven were foundation/endowment.

There are 15 professional consultants. Fees are payable in hard and soft dollars.

Francis T. Corcoran is the client contact.

International Investment Group Inc.

17 Madison Ave., Port Chester, N.Y. 10573; (914) 939-1543

International Investment Group Inc. provides overall development of investment policies and objectives and development of appropriate asset allocation. U.S. and international/global performance measurement and analysis are offered.

The firm also offers stock index optimization, global asset optimization, multicurrency optimization and option hedging strategies. Computerized consulting services include in-house quote customization, trading strategy computerization, investment strategy simulation research and an accounting/portfolio monitoring platform.

The firm has special expertise in innovative global asset optimization.

Significant developments at the firm in the past year include the firm's continued shift in emphasis toward global optimization products from options hedging.

There are five corporate tax-exempt clients on retainer.

There are 12 professional consultants. Fees are payable in hard and soft dollars.

Kurt Hiebaum is the client contact.

InterSec Research Corp.

66 Gate House Road, Stamford, Conn. 06902; (203) 348-7101

InterSec Research Corp., an international investment management consultant, provides development of international and global investment policies and objectives; development of appropriate international asset allocation; and international manager evaluation, selection, performance measurement and analysis.

The firm provides international and global investment diversification programs to the investment management industry, including simulations, asset allocations, objective setting, manager monitoring to include accounting and performance analysis, international analytical research and multicurrency portfolio accounting and software.

Of the 29 tax-exempt clients on retainer, 21 are corporate, seven are public and one is a foundation/endowment. The firm also provided services to 36 tax-exempt non-retainer clients during the past year, of which 28 were corporate, six were public and two were foundation/endowment.

There are 17 professional consultants. Fees are payable in hard and soft dollars.

Clients include Virginia Retirement, Owens-Illinois, State Authorities Superannuation, Caisse de Depot, Arizona Public Service and IMF.

Arthur W. McCain Jr. is the client contact.

Investment Management Inc.

4870 S. Lewis, Suite 180, Tulsa, Okla. 74105; (918) 742-3031

Investment Management Inc., a subsidiary of Rubottom, Dudash and Associates Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager performance measurement.

The firm provides investment advisory services to the investment management industry.

The firm has special expertise in portfolio management.

The firm has eight corporate tax-exempt clients on retainer.

There are two professional consultants. Fees are payable in hard dollars.

D.J. Rubottom is client contact.

Investment Management Evaluation Service

Nashville City Center, Suite 800, Nashville, Tenn. 37219; (615) 780-9360

Investment Management Evaluation Service, a subsidiary of Equitable Securities Corp., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, futures/options and GIC manager selection and performance measurement. Additional performance analysis is offered for U.S., foreign, futures/options and GIC investments.

The firm has special expertise in qualitative considerations, especially in regard to manager searches, report customization, and special projects.

Significant changes or developments at the firm in the past year include the addition of Hermitage Associates, for consulting to endowments and foundations.

Of the 35 tax-exempt clients on retainer, 28 are corporate, two are public and five are foundation/endowment. The firm also provided services to five corporate tax-exempt non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Metro Nashville Public Employees, Nashville Teachers, Webb School Endowment and Memorial Hospital.

Ward Cammack is the client contact.

Wells Fargo 401(k) MasterWorks.® Unmatched speed and dependability for your defined contribution plan.

Wells Fargo 401(k) MasterWorks is a high performance 401(k) program that manages to save you and your employees a wealth of time and expense. Designed for companies with 500 to 50,000 participants, this unique service avoids the hassles of traditional savings plan administration.

Rapid Turnaround.

Wells Fargo 401(k) MasterWorks puts recordkeeping in high gear. "Real-time" accounting updates individual accounts on a daily basis. As a result, clear, concise statements are mailed to your employees *within 15 days* of the quarter's end, and management reports come in like clockwork. A toll-free number lets employees monitor their accounts and make on-the-spot investment changes.

Wide Range of Services.

401(k) MasterWorks lets you offer employees a wide array of proven investment funds characterized by superior long term investment returns. In addition to Wells Fargo managed investments, we can handle your existing GICs and publicly traded employer stock. And if your company permits, employees can easily arrange to borrow from their accounts.

Whatever your company's goals, our experienced employee benefit consultants can help insure the success of your 401(k) plan. Because Wells Fargo serves as trustee, recordkeeper and also offers investments, you avoid the added cost and red tape of dealing with separate providers.

Well-Earned Record.

Our fund advisors, Wells Fargo Nikko Investment Advisors, operate on a global scale. With over $85 billion in assets, WFNIA is one of the largest pension fund managers in the United States. Major U.S. corporations, plus the federal and numerous state governments, depend on us to manage their retirement savings plans.

Wells Fargo 401(k) MasterWorks. If you're looking for an exceptional full-service program for your defined contribution plan, climb aboard.

Call Jeff Paster, Managing Director-Marketing, Retirement Programs and Investments, at (415) 399-7759.

WELLS FARGO BANK

© 1990, WFB, N.A.

The Best Deals of 1990: Jan. 7.

HYPERION CAPITAL MANAGEMENT, INC.

• Specialty Investment Managers of Mortgage-Backed Securities •

Lewis S. Ranieri, Chairman
Clinton J. Kendrick, President & CEO

T. Barrett Moore, Ph.D.
Managing Director
Robert W. Kopprasch, Ph.D.
Managing Director

• Contact: Christopher J. LaCroix, Managing Director •

520 Madison Avenue • New York, NY 10022 • 212-980-8400

Investment Management Group, Dain Bosworth Inc.

100 Dain Tower, Minneapolis, Minn. 55402; (612) 371-7688

The Investment Management Group of Dain Bosworth Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign and GIC manager selection and performance measurement.

There are 15 corporate tax-exempt clients on retainer. The firm also provided services to 204 tax-exempt non-retainer clients during the past year, of which 180 were corporate, one was public, three were union and 20 were foundation/endowment.

There are 15 professional consultants. Fees are payable in hard and soft dollars.

Betsy Swiderski is the client contact.

Investor Responsibility Research Center Inc.

1755 Massachusetts Ave., Suite 600, Washington, D.C. 20036; (202) 234-7500

The Investor Responsibility Research Center Inc. provides development of investment policies and objectives and U.S. and foreign proxy research, portfolio screening and proxy voting guidelines.

The firm provides a proxy voting software system and individualized research that may be used for portfolio screening to the investment management industry.

The firm has special expertise in corporate governance issues and social issues.

Significant changes or developments at the firm in the past year include the establishment of Global Shareholder, which provides research on voting proxies at non-U.S. companies; and "Environmental Information Service," which provides environmental profiles of major companies.

There are 15 professional consultants. Fees are payable in hard and soft dollars.

David C. Popper is the client contact.

J

Johnston, Dragon & Associates

238 Nassau St., Princeton, N.J. 08542; (609) 497-1616

Johnston, Dragon & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, futures/options and GIC manager selection. Performance measurement and analysis is offered for U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC investments.

Of the eight tax-exempt clients on retainer, five are corporate and three are union.

There are three professional consultants. Fees are payable in hard and soft dollars.

Charles L. Johnston is the client contact.

K

Ronald A. Karp Associates

47 Maple St., Summit, N.J. 07901; (201) 522-1414

Ronald A. Karp Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate and GIC manager selection; U.S. and real estate performance measurement; and additional performance analysis for real estate and GIC investments.

The firm has special expertise in real estate, asset allocation, international and GIC negotiations.

Of the 15 tax-exempt clients on retainer, four are corporate, 10 are public and one is union. The firm also provided services to six non-retainer tax-exempt clients during the past year, of which five were corporate and one was public.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Pennsylvania State Employes, Los Angeles Fire and Police, Ohio School Employees and Saatchi & Saatchi.

Sheri L. Kole is the client contact.

Kidder, Peabody PRIME Consulting Group

20 Exchange Place, New York, N.Y. 10005; (212) 510-5537

Kidder, Peabody PRIME Consulting Group, a unit of Kidder, Peabody & Co., a subsidiary of GE Financial Services, provides development of investment policies and objectives; development of appropriate asset allocation; U.S. and foreign manager selection and performance measurement; and performance attribution and risk analysis for U.S. investments.

The firm has special expertise in asset allocation, investment policy, manager selection and performance evaluation.

Of the 405 tax-exempt clients on retainer, 350 are corporate, 30 are public, 10 are union and 15 are foundation/endowment.

There are 25 professional consultants. Fees are payable in hard and soft dollars.

Neil Wolfson is the client contact.

KPMG Peat Marwick

345 Park Ave., New York, N.Y. 10154; (212) 872-5973

KPMG Peat Marwick provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and analysis. Performance measurement is offered for U.S. investment managers.

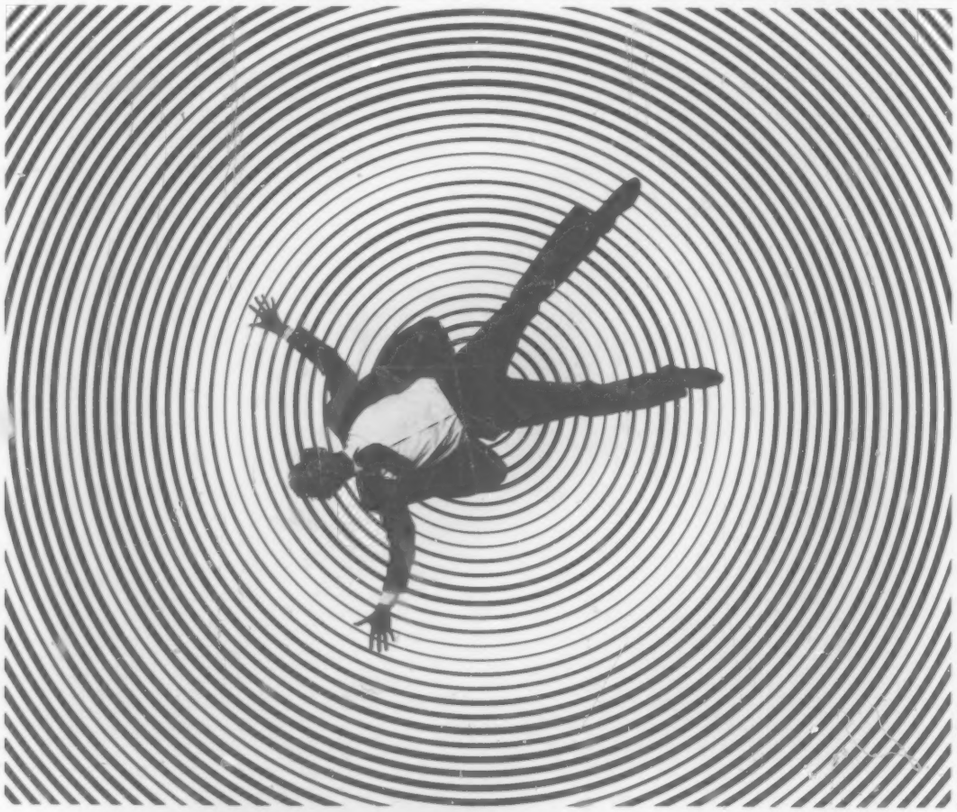
The firm also offers investment-related research papers and surveys.

It has special expertise in international investment consulting.

There are 10 professional consultants. Fees are payable in hard dollars.

The client contacts are Evelyn Morgner in New York; Keith Bannister in London; Lloyd Foight in Short Hills, N.J.; and for real estate, Paula Konikoff in New York.

The future of guaranteed investment contracts will be highlighted in the March 18 issue.

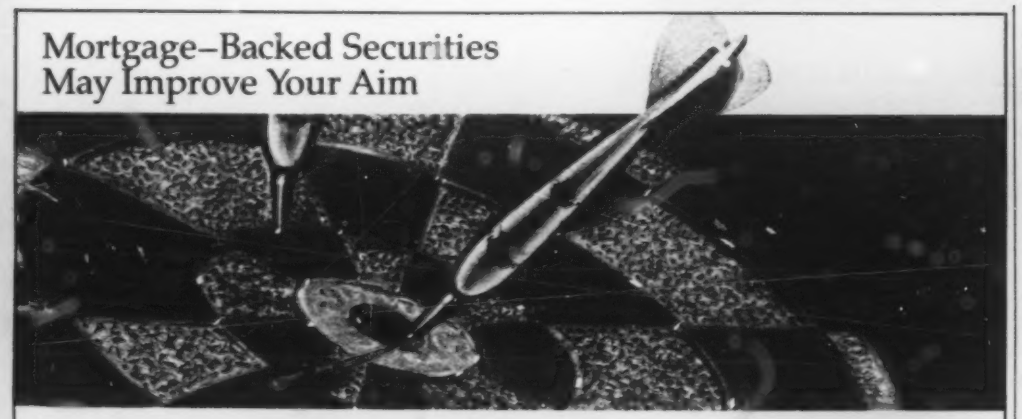


Our global custody services can keep you from feeling this way.

IT'S THAT UNMISTAKABLE SENSATION OF SPINNING OUT OF CONTROL, UNINFORMED ABOUT SOME CRITICAL DETAIL REGARDING YOUR INVESTMENTS. IT'S ALSO A FEELING THAT OUR CLIENTS ARE SPARED. WE'RE CHEMICAL BANK'S GLOBAL CUSTODY GROUP AND WE CAN GIVE YOU UNPARALLELED CONTROL OVER YOUR CROSS-BORDER INVESTMENTS. OUR TEAM OF DEDICATED PROFESSIONALS SEES TO IT THAT YOU ARE CONTINUALLY PROVIDED INFORMATION ABOUT YOUR PORTFOLIO FROM TRADE INITIATION TO POST-SETTLEMENT. WE'LL ALSO GIVE YOU COMPLETE CONTROL OVER EVERY TRADE FROM YOUR PERSONAL COMPUTER WITH THE CHEMLINK® CASH AND SECURITY INFORMATION SYSTEMS. USE THEM TO MONITOR ASSET AND CURRENCY POSITIONS, TRANSFER FUNDS OR RECEIVE ADVICE OF CORPORATE ACTIONS. MEANWHILE, WE'LL BE WORKING BEHIND THE SCENES TO MAKE CERTAIN NO DETAIL GOES UNNOTICED. CALL KEN MONTGOMERY, SENIOR VICE PRESIDENT, AT (212) 820-4610. LEARN HOW OUR GLOBAL CUSTODY SERVICES FREE YOU TO CONCENTRATE ON CROSS-BORDER INVESTING.

CHEMICALBANK
Financial Services Division

We make a difference by recognizing yours



ATLANTIC PORTFOLIO ANALYTICS & MANAGEMENT INC.
THE MORTGAGE–BACKED SECURITIES MONEY MANAGER
- OVER $1 BILLION UNDER MANAGEMENT
- UNIQUE ANALYTICAL AND OPERATIONS COMMITMENT

Contact N.R. Whitcraft, (407) 843-7110 • 201 East Pine St., Suite 600 • Orlando, FL 32801

APAM Established 1984

L

Laventhol & Horwath
425 Market St., Suite 3600, San Francisco, Calif. 94105; (415) 896-1800

Laventhol & Horwath provides development of real estate investment policies, objectives and asset allocation; and real estate manager selection, performance measurement and analysis.

The firm also offers due diligence services, workouts, appraisals and strategic planning.

The firm provides due diligence services and appraisals to the investment management industry.

The firm has special expertise in real estate consulting.

There are two corporate tax-exempt clients on retainer. The firm also provided services to 19 tax-exempt non-retainer clients during the past year, of which four were corporate, 14 were public and one was union.

There are 12 professional consultants. Fees are payable in hard dollars.

Clients include Allied-Signal and General Electric.

J. Richard Rosenberg is the client contact.

Legg Mason Investment Consulting Group
111 S. Calvert St., Baltimore, Md. 21202; (301) 539-4692

Legg Mason Investment Consulting Group, a subsidiary of Legg Mason Wood Walker Inc., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign and GIC manager selection; and U.S. manager performance measurement and analysis.

The firm has special expertise in strategic asset allocation modeling, development and implementation of investment policies, and customized evaluations.

There are 19 professional consultants. Fees are payable in hard and soft dollars.

William G. McVay is client contact.

Lehrer Development and Investments
5555 Del Monte Drive, Suite 802, Houston, Texas 77056; (713) 552-1600

Lehrer Development and Investments provides development of investment policies and objectives; development of appropriate asset allocation; real estate and venture capital manager selection; U.S., foreign, real estate and venture capital performance measurement; and additional performance analysis for U.S. and real estate investments.

The firm also offers all forms of economic and finance consulting and analysis, and litigation support services.

The firm provides economic and financial analysis, with an emphasis on real estate investment, to the investment management industry.

It has special expertise in real estate, banking, finance, economics and litigation support services.

Of the seven tax-exempt clients on retainer, three are corporate, two are public and two are foundation/endowment. The firm also provided services to nine tax-exempt non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Kenneth Eugene Lehrer is the client contact.

Lewis, Bailey Associates
1 Financial Center, Boston, Mass. 02111; (617) 439-3232

Lewis, Bailey Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement; and additional analysis for all but GIC managers.

The firm also offers investment and financial planning research reports.

The firm has special expertise in financial and investment planning, with extensive coverage of venture capital, real estate, global and other non-traditional investments.

Significant changes or developments at the firm in the past year include opening a San Francisco office.

The firm has 300 clients on retainer.

There are 25 professional consultants. Fees are payable in hard and soft dollars.

Clients include Virginia Supplemental, San Francisco Employees, Hewlett-Packard and Blue Cross/Blue Shield of Florida.

Sandra Urie Thorpe is the client contact.

Loewi Managed Account Services Inc.
111 E. Kilbourn Ave., Milwaukee, Wis. 53202; (414) 347-3360

Loewi Managed Account Services Inc., a subsidiary of Loewi Financial Cos. Inc., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign and GIC manager selection; and U.S. and foreign performance measurement and analysis.

The firm has special expertise in risk analysis.

Of the 25 tax-exempt clients on retainer, 20 are corporate, three are public and two are foundation/endowment. The firm also provided services to 60 non-retainer tax-exempt clients during the past year, of which 50 were corporate, five were public and five were foundation/endowment.

There are five professional consultants. Fees are payable in hard and soft dollars.

Thomas Trebby is the client contact.

Lovett Underwood Neuhaus & Webb
909 Fannin, P.O. Box 4348, Houston, Texas 77210; (713) 853-2085

Lovett Underwood Neuhaus & Webb, a division of Kemper Securities Group Inc., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, futures/options and GIC manager selection, performance measurement and analysis.

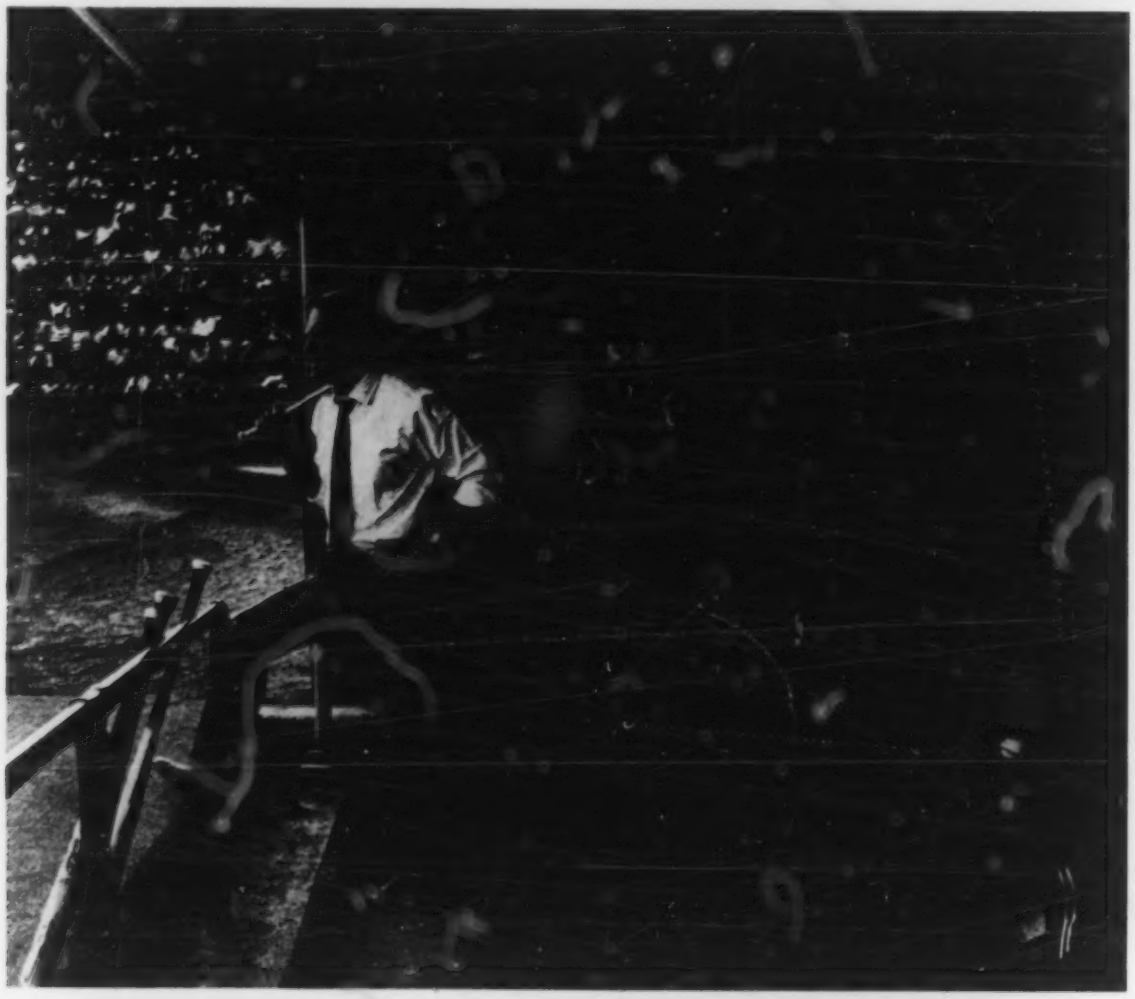
The firm has special expertise in the recording of trades, performance analyses and performance review reports.

Fees are payable in hard and soft dollars.

Jack Garland Glaw is client contact.

Lowry Consulting Group Inc.
2859 Paces Ferry Road, Suite 1900, Atlanta, Ga. 30339; (404) 431-1100

Lowry Consulting Group Inc., a subsidiary of



There's only one major player who goes to bat for Investment Advisors.

When the market's playing hard ball, you need more than just a pinch hitter. You want a broker who pays close attention to all aspects of your business. And responds quickly.

Schwab covers all the bases. Efficient execution. Special handling of block trades. Back office support, including electronic transfer of client data from our computer to yours. Valuable exposure to potential clients through the latest edition of *The Charles Schwab Guide to Selecting a Financial Advisor.*

And unlike other brokerage firms, Schwab recommends that investors who need advice should get it from an *independent* advisor—not an employee of a brokerage firm. That avoids conflict of interest.

Your business succeeds when every member on your team is a pro—and there's a major league broker on your bench. So call Schwab's Financial Advisors Service today, toll free Monday-Friday, 7 a.m.-5 p.m. (Pacific time) at:

1-800-648-6021 Ext. 950

Charles Schwab
Financial Advisors Service

USF&G, provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate and options manager selection, performance measurement and analysis.

The firm has special expertise in asset allocation, liability analysis, performance attribution, FASB 87 analysis and utility pension plans.

Significant changes or developments at the firm in the past year include the addition of three consultants.

Of the 65 tax-exempt clients on retainer, 60 are corporate and five are foundation/endowment.

There are 10 professional consultants. Fees are payable in hard dollars.

Clients include Houston Industries, USF&G, Fairey Industries and McCormick.

Victor A. Bell is the client contact.

Marco Consulting Group

54 W. Hubbard St., Suite 205,
Chicago, Ill. 60610; (312) 527-4200

Marco Consulting Group provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm also offers a proxy voting service for clients and audits plans' master custodians.

The firm serves Taft-Hartley plans exclusively.

Significant changes or developments at the firm in the past year include the addition of two staff members.

There are 47 union tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in hard and soft dollars.

Jack Marco is the client contact.

Sentinel Ventures III, a joint venture of institutional investors, has acquired:

Sentinel

LAKEFRONT AT METRO WEST

Orlando, Florida

$26,928,000

Sentinel Real Estate Corporation
1290 Avenue of the Americas
New York, NY 10104
(212) 408-2900

PERFORMANCE IMPROVEMENT. (OVERNIGHT.)

"Transaction costs are negative performance. As the cost of transacting rises, performance erodes."

[*John Dorian and Charles Walbrandt, Investing Magazine, Winter 1990*]

In investment management, staying on top demands competitive performance. With low commissions and no market impact, Instinet's Crossing Network cuts your transaction costs—and brings better performance to your bottom line.

Between 5:30 p.m. and 6:30 p.m. EST each trading day, The Crossing Network electronically matches anonymous buyers and sellers at closing prices on primary exchanges. For OTC issues the mean between the inside bid and ask is used.

No one sees your order but you. There's no impact on the price of the stock you trade. And you pay only one cent per share for executed orders.

With the way it reduces your transaction costs, you can't afford not to use The Crossing Network. Call (212) 310-9514 for more information. And when you sign on, you'll watch your performance improve—overnight.

THE CROSSING NETWORK
FROM INSTINET

Marquette Associates

Quaker Tower, Chicago, Ill. 60610;
(312) 527-5500

Marquette Associates provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in insurance company assets, health care organizations, 401(k) and 403(b) plans, and middle-market corporate plans.

Of the 41 clients on retainer, 30 are corporate, two are public, six are union and three are foundation/endowment.

There are five professional consultants. Fees are payable in hard dollars.

Clients include Viacom International, Blue Cross/Blue Shield of Wisconsin and Golden Rule Insurance Co.

Brien O'Brien is the client contact.

James P. Marshall Inc.

10 Bay St., Suite 614, Toronto, Ontario
M4N 1K9; (416) 361-0225

James P. Marshall Inc. provides development of investment policies and objectives; development of appropriate asset allocation; Canadian, international, real estate and futures/options manager selection, performance measurement and analysis.

The firm has special expertise in serving the Canadian pension market.

Significant changes or developments at the firm in the past year include the addition of a senior consultant.

Of the 32 tax-exempt clients on retainer, 12 are corporate, 15 are public, four are union and one is foundation/endowment. The firm also provided services to four corporate tax-exempt non-retainer clients during the past year.

There are five professional consultants. Fees are payable in hard dollars.

Clients include Westinghouse Canada, Procter & Gamble, Coca-Cola and the University of Regina.

M. Ann Marshall is the client contact.

William M. Mercer Asset Planning Inc.

1417 Lake Cook Road, Deerfield, Ill.
60015; (708) 317-7400

William M. Mercer Asset Planning Inc., a subsidiary of Marsh & McLennan Cos. Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real state, venture capital, LBO, futures/options and GIC manager selection and performance measurement. Performance measurement also is offered for private placements; and additional performance analysis is offered for U.S., foreign, real estate, futures/options and GIC investments.

The firm also offers performance attribution and transaction cost services.

The firm has special expertise in asset/liability modeling, performance interpretation and insured investment placement.

Significant changes or developments at the firm in the past year include the firm's name change from Mercer Meidinger Hansen Asset Planning Inc.

Of the 357 tax-exempt clients on retainer, 176 are corporate, 119 are public, 40 are union and 22 are foundation/endowment. The firm also provided services to 141 tax-exempt non-retainer clients during the past year, of which 111 were corporate, 16 were public, 12 were union and two were foundation/endowment.

There are 76 professional consultants. Fees are payable in hard and soft dollars.

Clients include Arizona State Retirement, Cincinnati Bell, Wisconsin Electric Power and Major League Baseball Players.

The client contacts in Chicago are Anita Andren, Don Brackey, Barbara Brightman and Jim Hiner.

Merrill Lynch Consulting Services

717 Fifth Ave., 9th Floor, New York,
N.Y. 10022; (212) 415-7956

Merrill Lynch Consulting Services, a department of Merrill Lynch, Pierce, Fenner & Smith, a subsidiary of Merrill Lynch & Co., provides development of investment policies and objectives; development of appropriate asset allocation; U.S. and foreign manager selection; and performance measurement and analysis for U.S., foreign, real estate, venture capital and futures/options investments.

The firm has special expertise in performance measurement.

Of the 520 clients on retainer, 285 are corporate, 80 are public, 60 are union and 95 are foundation/endowment.

There are 35 professional consultants. Fees are payable in hard and soft dollars.

David T. Ferner is the client contact.

The Monitor Group Inc.

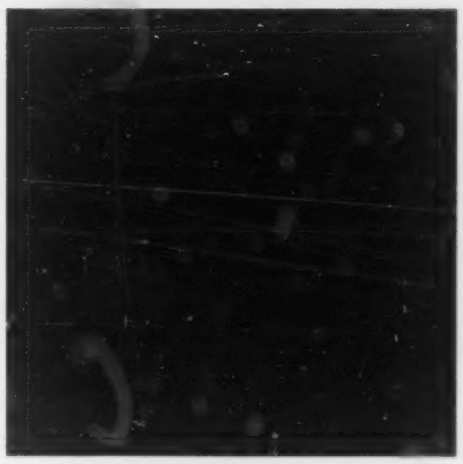
7649 Leesburg Pike, Falls Church, Va.
22043; (703) 821-6661

The Monitor Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and foreign manager selection, performance measurement and analysis.

It specializes in serving small businesses and not-for-profit organizations.

Of the 14 tax-exempt clients on retainer, 12 are corporate and two are foundation/endowment. The firm also provided services to 15 tax-exempt non-re-

IF THIS IS THE COLOR OF YOUR HOTEL'S BOTTOM LINE, YOU SHOULD GIVE RANK THE GREEN LIGHT.



Why is it so many hotel management groups opt for short-term solutions that inevitably fall short of real needs? Why are they unwilling to make the tough decisions that will eventually enhance the asset value of a hotel property? Why can't they be more like Rank?

Rank Hotels North America

If you're tired of seeing red, call Tony Farris at 214-458-7265. 15303 Dallas Parkway, Suite 610, Dallas, TX 75248.

tainer clients during the past year, of which 12 were corporate and two were foundation/endowment.

There are two professional consultants. Fees are payable in hard dollars.

Clients include Hoven Corp., D.G. Fraser, J.A. Harris and D.C. Fitzgerald.

H. Lynn Hopewell is the client contact.

Monitoring and Evaluation Services Inc.

3375 Park Ave., Suite 3006, New York, N.Y. 11793; (800) 962-1917

Monitoring and Evaluation Services Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, futures/options and GIC manager selection, performance measurement and analysis.

The firm provides the following to the investment management industry: portfolio and equity and fixed-income transaction cost analysis; and customized graphics illustrating relative return.

The firm has special expertise in monitoring transaction costs for both equity and fixed-income transactions, including a commission recapture program.

Of the 12 tax-exempt clients on retainer, four are public and eight are union. The firm also provided consulting services to three non-retainer tax-exempt clients in the past year, of which one was public and two were union.

There are two professional consultants. Fees are payable in hard and soft dollars.

Clients include Communications Workers of America Employees; International Association of Fire Fighters; and Service Employees of Upstate New York.

John T. Renck is the client contact.

Morgan Keegan & Co. Inc.

50 N. Front St., Memphis, Tenn. 38103; (901) 524-4100

Morgan Keegan & Co. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, futures/options and GIC manager selection and performance measurement; and additional performance analysis for U.S. and futures/options investments.

The firm also offers pension plan design and implementation.

The firm provides equity and fixed-income research to the investment management industry.

The firm has special expertise in manager search and performance measurement.

Of the 14 clients on retainer, seven are corporate, two are public, one is union and four are foundation/endowment. The firm also provided services to 204 tax-exempt non-retainer clients during the past year, of which 145 were corporate, six were public, 27 were union and 26 were foundation/endowment.

There are six professional consultants. Fees are payable in hard and soft dollars.

J. Blake Taylor is the client contact.

N

New England Pension Consultants Inc.

253 Summer St., Suite 210, Boston, Mass. 02210-1114; (617) 737-1960

New England Pension Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement. The firm provides additional analysis in all those areas except LBO investments.

The firm also offers analysis of the impact of currency and country selection; stock and sector selections; policy vs. manager impact; current, prospective and historical risk analyses; and strategic vs. tactical asset allocation impact.

The firm has special expertise in structured portfolios, FASB 87, hedging strategies, Taft-Hartley and public fund consulting, custody searches and socially restricted investments.

Significant changes or developments at the firm in the past year include the addition of custody search capability.

Of the 55 tax-exempt clients on retainer, 31 are corporate, five are public, 12 are union and seven are foundation/endowment.

There are three professional consultants. Fees are payable in hard and soft dollars.

Richard M. Charlton is the client contact.

Noble Lowndes Asset Consulting Group

33 Evergreen Place, East Orange, N.J. 07018; (201) 675-8900

Noble Lowndes Asset Consulting Group provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and foreign manager selection and performance measurement.

The firm has special expertise in servicing the middle market, targeting funds between $2 million and $50 million.

There are 10 professional consultants. Fees are payable in hard dollars.

Natalka Bukalo is the client contact.

The Largest Pension Funds issue will be published Jan. 21.

O

O'Shaughnessy Capital Management Inc.

740 River Drive, Suite 18F, St. Paul, Minn. 55116; (612) 699-2334

O'Shaughnessy Capital Management Inc. provides development of appropriate asset allocation and U.S. manager performance measurement and analysis.

The firm also offers the development of specialized multifactor profiles and benchmarks.

The firm provides long-term asset allocation and specialized multifactor equity selection models to the investment management industry.

The firm has special expertise in creating multifactor profiles and shadow benchmarks of active equity managers.

Fees are payable in hard and soft dollars.

James P. O'Shaughnessy is the client contact.

Who did Helene Curtis turn to for styling their Master Trust?

HELENE CURTIS

For this fast-growing national and international provider of hair and personal care products, managing a myriad of financial operations was something they did themselves—singlehandedly.

Until, that is, they learned how the team at Harris Bank could lend a helping hand; adapting to Helene Curtis' style and becoming a seamless extension of their management team.

Now, the Harris produces benefit payments, stock distributions, and profit-sharing loans, as well as providing valuable information on the investments in the company's profit-sharing and ESOP plans. It not only makes good, cost-efficient business sense in the short term, it allows Helene Curtis to concentrate on global expansion of their successful Suave,® Finesse® and other brands.

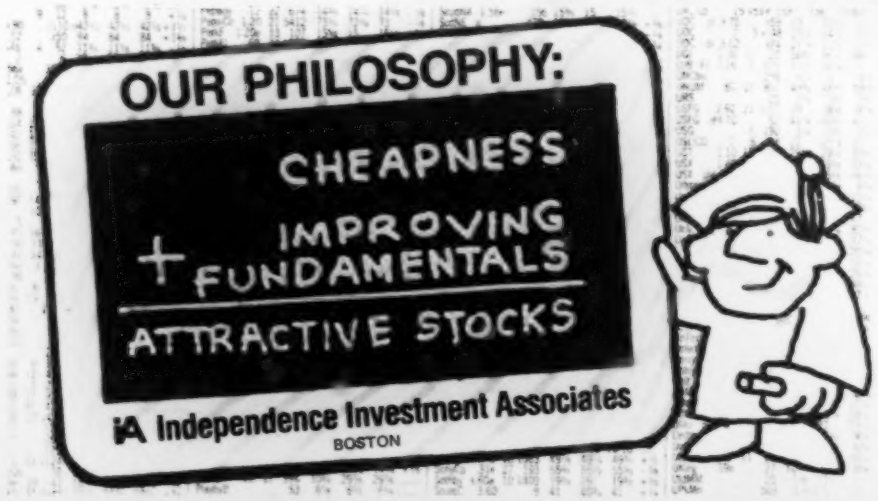
Why not see if personal care from the Harris team can smooth out the snarls in your financial operations with a more manageable Master Trust plan.

Call our Marketing Representative at (312) 461-7956.

The Harris.
Move up to the Banking Lion.

Harris Trust and Savings Bank. 111 W. Monroe St., Chicago, IL 60603. Member FDIC. Federal Reserve System.

A PUBLICATION OF CRAIN COMMUNICATIONS
220 East 42nd Street, New York, New York 10017 (212) 210-0114



P

PaineWebber Inc.-Managed Accounts Services
1200 Harbor Blvd., Weehawken, N.J. 07087; (201) 902-3128

PaineWebber Inc. — Managed Accounts Services Department provides development of investment policies and objectives; U.S. and futures/options manager selection; U.S. and foreign performance measurement; and additional performance analysis for U.S. investments.

The firm provides the following to the investment management industry: quarterly performance monitor, the technical center for manager search, dedicated trading desk and fee billing capabilities.

The firm has special expertise in manager search and due diligence.

The firm provided services to 3,000 non-retainer tax-exempt clients during the past year, of which 2,500 were corporate, 300 were public, 100 were union and 100 were foundation/endowment.

There are 50 professional consultants. Fees are payable in hard and soft dollars.

Bruce A. Bursey is the client contact.

Peirce Park Group
2600 W. Seventh St., Suite A, Wilmington, Del. 19805; (302) 429-0982

Peirce Park Group provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign and real estate manager selection and performance measurement; performance measurement for GIC investments; and additional performance analysis for U.S. investments.

The firm has special expertise in asset liability simulation and real estate.

Significant changes or developments at the firm in the past year include adding offices in Roanoke, Va., and Annapolis, Md.

There are five professional consultants. Fees are payable in hard and soft dollars.

Michael W. Shone is the client contact.

Pension Consulting Alliance
1435 Gardena Ave., Suite 13, Glendale, Calif. 91204; (818) 240-0372

Pension Consulting Alliance provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and analysis.

Significant changes or developments at the firm in the past year include the addition of a staff member.

Of the seven tax-exempt clients on retainer, six are public and one is foundation/endowment.

There are two professional consultants. Fees are payable in hard dollars.

Clients include California State Teachers, State of Connecticut, Virginia Retirement System and Illinois State Board.

Dellene Arthur is the client contact.

Pension Portfolio Advisors
3 First National Plaza, Suite 1400, Chicago, Ill. 60602; (312) 372-2727

Pension Portfolio Advisors, a subsidiary of Royal Maccabees Life Insurance Co., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and analysis; and LBO performance measurement.

The firm also provides quantified analysis of plan sponsor risk tolerance; manager structure consulting; evaluation of compliance adherence for managers; and custodian/master trustee evaluation.

The firm has special expertise in developing risk tolerance profiles for sponsors and creating appropriate asset allocation strategies; manager structure consulting; and international manager search and evaluation.

Of the 376 tax-exempt clients on retainer, 358 are corporate, 13 are public and five are union. The firm also provided services to 26 tax-exempt non-retainer clients, of which 20 were corporate, three were public and three were union.

There are eight professional consultants. Fees are payable in hard and soft dollars.

Clients include Oakland County Employees; Prince Corp.; CMI Corp.; and Sheet Metal Workers Local 224.

Brian J. Murphy is the client contact.

Pension Realty Advisors Inc.
155 Sansome St., San Francisco, Calif. 941[illegible]; (415) 291-9000

Pension Realty Advisors Inc. provides development of real estate investment policies and objectives; development of appropriate real estate asset allocation; and real estate and private placements manager selection, performance measurement and analysis.

The firm provides customized industry research reports to the investment management industry.

The firm has special expertise in real estate industry research, real estate private placements, industry trends and emerging investment strategies.

There are six professional consultants. Fees are payable in hard dollars.

Paul S. Saint-Pierre is the client contact.

Pensions & Investment Research Consultants Ltd.
40 Bowling Green Lane, London EC1R 0NE, U.K.; (071) 833-4432

Pensions & Investment Research Consultants Ltd. provides development of investment policies and objectives; development of appropriate asset allocation; and foreign and venture capital manager selection and performance analysis.

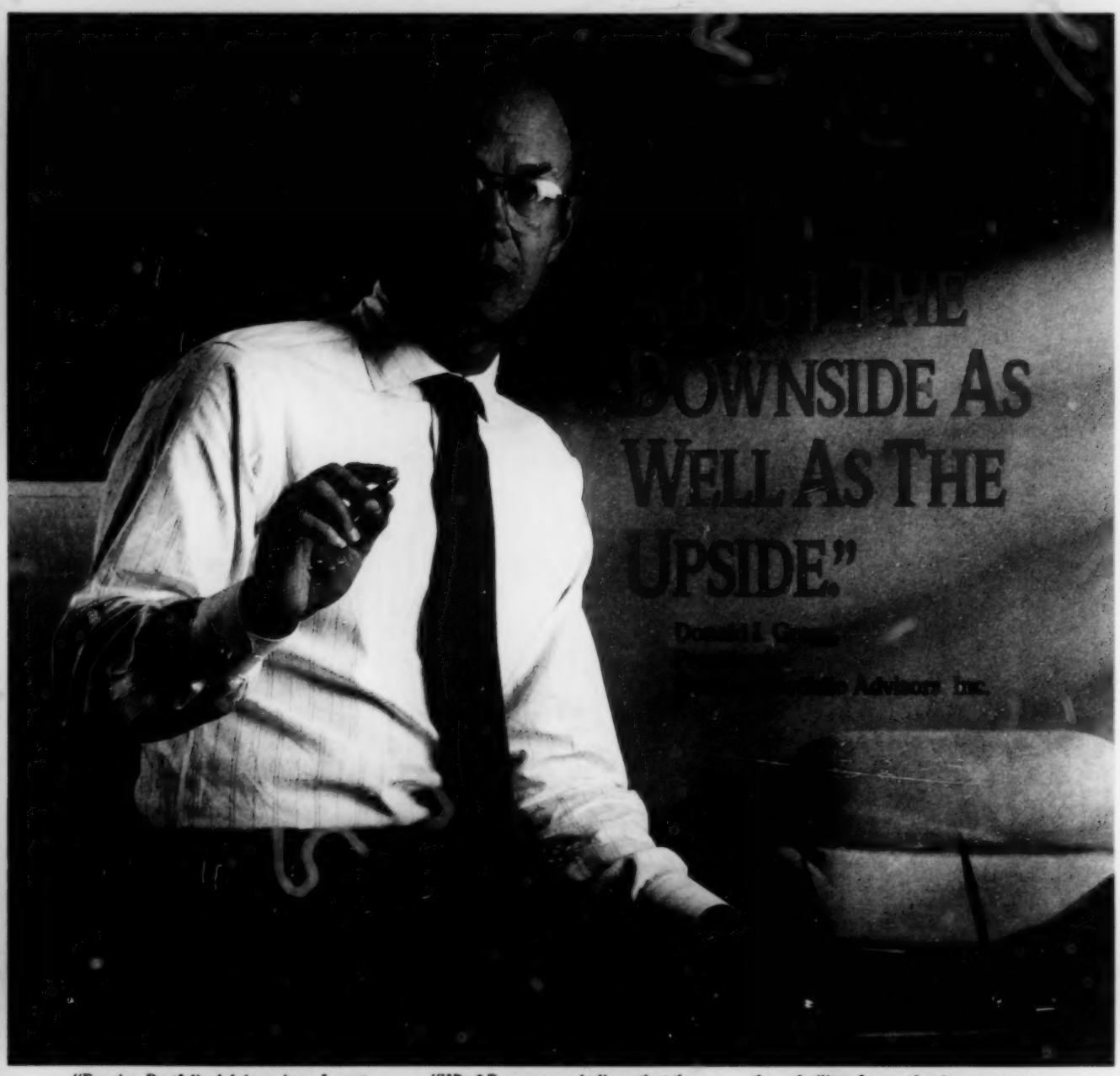
The firm also offers socially responsible investment consulting.

The firm provides the following to the investment management industry: company research, market intelligence, investment analysis and publications.

The firm has special expertise in socially responsible investment, manager selection, investment policy advice, venture capital and U.K. corporate governance and proxy voting. The firm also furnishes advice to trade unions on pension plan bargaining.

Significant changes or developments in the past year include the establishment of a relationship whereby the firm represents IRRC clients on U.K. corporate governance and proxy voting.

Of the 14 tax-exempt clients on retainer, 12 are public and two are union. The firm also provided



"Pension Portfolio Advisors is an Investment Advisor, registered with the SEC, providing advisory services to sponsors of pension, profit sharing and 401(k) plans.

"In helping you develop an investment strategy, we begin with an Investment Policy Statement, which establishes realistic goals and a way to achieve them. One of the keys to this process is to identify the potential downside as well as the upside of your investments. Each money manager's style, past performance and potential future impact are elements of our systematic approach.

"Why? Because we believe that the choice of money managers shouldn't be based only on last year's or last quarter's results. A well-defined style is important, along with a *consistency* of approach. That is how we help you achieve the long-term performance you need.

"PPA functions best as an extension of your organization, with shared accountability for the results. That's why we set up a multi-year system to achieve your goals. We are not in this for short-term gains. Our job is to help you orchestrate a strategy that will minimize the volatility of your plan investments, avoiding any 'negative surprises.'

"We understand that your plan is a promise to your employees—and our job is to help you fulfill that promise, year after year."

Call or write today:
25800 Northwestern Highway
P.O. Box 2165
Southfield, MI 48037
313/357-4125

PENSION PORTFOLIO ADVISORS
WE MANAGE PERFORMANCE SM

services to two corporate non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in hard and soft dollars.

Alan MacDougall is the client contact.

Performance Analytics Inc.

30 S. Wacker Drive, Suite 1502, Chicago, Ill. 60606; (312) 930-9560

Performance Analytics Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate and GIC manager selection, performance measurement and analysis; and futures/options performance measurement and analysis.

The firm also assists clients in equity style tilting.

The firm provides asset allocation and style tilting information to selected managers.

It has special expertise in asset allocation and style tilting information.

Significant changes or developments at the firm in the past year include the addition of two senior consultants.

Of the 260 tax-exempt clients on retainer, 156 are corporate, 26 are public, 52 are union and 26 are foundation/endowment.

There are seven professional consultants. Fees are payable in hard and soft dollars.

Clients include Zenith, Whitman, Ralston Purina, Bell & Howell and Peoples Energy.

William G. Lowery is the client contact.

Portfolio Consultants Inc.

700 Ackerman Road, Suite 400, Columbus, Ohio 43202; (614) 267-2600

Portfolio Consultants Inc., a subsidiary of Professional Planning Consultants Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate and private placements manager selection and performance measurement.

There are 30 corporate tax-exempt clients on retainer.

There are six professional consultants. Fees are payable in hard dollars.

Clients include West-Camp Press, Northwest Family Physicians, Friction Materials and Fisher Cast Steel.

Matthew D. Palmer is the client contact.

Prime Buchholz & Associates

1 Harbour Place, Portsmouth, N.H. 03801; (603) 433-1143

Prime Buchholz & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, futures/options and GIC manager selection, performance measurement and analysis.

The firm has special expertise in pre-retirement planning, custodial search, investment policy development and asset allocation.

Of the 18 tax-exempt clients on retainer, six are corporate, two are public, three are union and seven are foundation/endowment.

There are three professional consultants. Fees are payable in hard and soft dollars.

Clients include Boston College, Rochester General Hospital, Spartanburg County Foundation and Blue Cross/Blue Shield of Rochester.

Jon L. Prime, William F. McCarron and James R. Buchholz are the client contacts.

Q

Quan-Vest Consultants

390 Plandome Road, Manhasset, N.Y. 11030; (516) 365-4619

Quan-Vest Consultants provides development of investment policies and objectives; development of appropriate asset allocation; U.S., real estate and GIC manager selection and performance measurement; and additional performance analysis for U.S. and GIC investments.

The firm offers its computerized analysis of a 2,000-stock universe to the investment management industry.

The firm has special expertise in providing multi-employer plans with the equivalent of an in-house investment supervision department.

Of the 25 tax-exempt clients on retainer, four are corporate, one is public and 20 are union. The firm also provided services to two corporate tax-exempt non-retainer clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Anthony F. Lotruglio is the client contact.

R

Resource Advisory Inc.

1117 Perimeter Center West, E-302, Atlanta, Ga. 30338; (404) 394-9525

Resource Advisory Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate and venture capital manager selection; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC performance measurement and analysis.

The firm has special expertise in manager searches and client reports.

There are four professional consultants. Fees are payable in hard and soft dollars.

Clients include Wake Forest University, the Presbyterian Church in America, Duke Power and Liberty Corp.

Bernard S. Santa Maria is the client contact.

Richards & Tierney Inc.

111 W. Jackson Blvd., 14th Floor, Chicago, Ill. 60604; (312) 461-1100

Richards & Tierney Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S. manager selection, performance measurement and analysis; and foreign, real estate, venture capital, LBO, private placements, futures/options and GIC performance measurement. Additional performance analysis also is offered for foreign investments.

The firm also offers a manager allocation service; dynamic completeness funds; benchmark portfolio design, development and maintenance; portfolio performance attribution; portfolio risk analysis; and development and implementation of investment

If Your Success Depends on Fast, Accurate Performance Measurement,

then PIPER/PIPER+'s tables, charts & analysis are for you.

PIPER provides performance data on 900 bank and insurance company pooled fund performance in equities, fixed-income, special equities and real estate. It includes figures for over 1,000 funds with assets totalling more than $275 billion.

PIPER+, adds performance data on 850 independent investment managers to **PIPER**. With **PIPER+** you'll receive all **PIPER** data and information on an additional 900 funds with assets totalling over $165 billion.

For each fund, you'll receive quarterly tables displaying annual and annualized rates of return, fund characteristics and assets under management. Account size, basis for returns, investment style, asset allocation and maturity distribution are also included.

Important calculations like standard deviation, alpha, beta, and R-squared measure risk/reward trade-offs for each account or fund. Floating bar charts display quartile distributions.

PIPER/PIPER+

Call Alicia Sansone at (212) 210-0738 or (212) 210-0117 (FAX) for more information, sample pages, and diskette.

BLUE CHIP.

Now, in response to the globalization of the world's financial markets, the Chicago Mercantile Exchange is introducing Nikkei 225 futures and options. So risk managers with exposure to the rapidly expanding Japanese stock market can add price protection or portfolio diversification with one efficient trading decision.

The broad-based, blue chip Nikkei 225 Stock Average is Japan's most widely followed stock average. In Japan, contracts based on this index trade five times more than the closest competitor.

And now the exchange with the S&P 500® futures and options markets, recognized as the world's largest, brings dollar-denominated Nikkei 225 Stock Average futures and options to the world.

With its long-standing success in the U.S. stock index futures market, the CME offers the large, local trading population, deep liquid markets and tight bid/ask spreads risk managers demand.

The CME has exclusive rights in North America to Nikkei 225 futures and options.

For a free Nikkei 225 futures and options trading kit, call 1-800-331-3332 (Chicago, toll free), 1-312-930-8213 (Chicago), 4471-920-0722 (London), 813-595-2251 (Tokyo).

CHICAGO MERCANTILE EXCHANGE®
The Exchange of Ideas

"Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", "S&P", and "500" are service marks of the Standard & Poor's Corporation and have been licensed for use by the Chicago Mercantile Exchange. The Nikkei Stock Average is owned by and proprietary to Nihon Keizai Shimbun.

need policy.

The firm provides benchmark portfolio design, development and maintenance, and portfolio performance attribution for both domestic and international equities to the investment management industry.

The firm has special expertise in benchmark portfolios, performance attribution, manager allocation, dynamic completeness funds and investment policy development and implementation.

Of the 16 tax-exempt clients on retainer, 10 are corporate, two are public, one is union and three are foundation/endowment.

There are six professional consultants. Fees are payable primarily in hard dollars.

Clients include General Electric, Owens-Illinois, State of Minnesota and Hughes Aircraft.

Thomas M. Richards and Maureen M. Culhane are the client contacts.

Rogers, Casey & Associates

85 Old Kings Highway N., Darien, Conn. 06820; (203) 656-5900

Rogers, Casey & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection; performance measurement and analysis.

The firm provides the following to the investment management industry: formulation of strategic business plans and advisory services for those interested in evaluating investment managers for potential merger and/or acquisition.

Significant changes or developments at the firm in the past year include the merger of Berg Fiduciary Consultants Inc. into the firm.

Of the 41 tax-exempt clients on retainer, 33 are corporate, three are public, two are union and three are foundation/endowment. The firm also provided services to six non-retainer tax-exempt clients during the past year, of which four were corporate, one was public and one was foundation/endowment.

There are 28 professional consultants. Fees are payable in hard and soft dollars.

Kenneth G. Rogers is the client contact.

Frank Russell Co.

P.O. Box 1616, Tacoma, Wash. 98401; (206) 572-9500

Frank Russell Co. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real state, private placement and GIC manager selection and performance measurement.

The firm provides the following to the investment management industry: equity and real estate indexes, analytical software and asset/liability modeling.

The firm has special expertise in performance measurement, research, asset allocation and manager research.

Significant developments during the past year include significant research efforts in asset allocation methodology, including forecasting of risk, asset class behavior and new modeling approaches.

There are 40 tax-exempt clients on retainer.

There are 28 client executives. Fees are payable in hard and soft dollars.

Clients include AT&T, Chevron, Xerox and the State of Oregon.

D. Don Ezra is the client contact.

S

Segal Advisors Inc.

1 Park Ave., New York, N.Y. 10016-5895; (212) 251-5340

Segal Advisors Inc., a subsidiary of Martin E. Segal Co., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, private placements, futures/options and GIC manager selection, performance measurement and analysis; and venture capital manager selection.

There are 10 professional consultants. Fees are payable in hard dollars.

Alan J. Miller and Martin Levenson are the client contacts.

SEI Corp.

680 E. Swedesford Road, Wayne, Pa. 19087; (215) 254-1000

SEI Corp. provides development of investment policies and objectives and of appropriate asset allocation. Manager selection, performance measurement and analysis are offered for U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC investments.

The firm also offers asset/liability planning, ongoing trading analysis, master trustee evaluation and auditing and special research and development.

The firm provides the following to the investment management industry: domestic and international performance evaluation and consulting; trading cost analysis and consulting; and on-going marketing and business consulting.

The firm has special expertise in handling fiduciary responsibility for providing full pension administration and investment support; real estate consulting; and asset/liability planning.

There are 170 professional consultants. Fees are payable in hard and soft dollars.

Edward D. Loughlin is the client contact.

Jeffrey Slocum & Associates

Suite 310, 7301 Ohms Lane, Minneapolis, Minn. 55439-2336; (612) 893-1955

Jeffrey Slocum & Associates Inc. provides development of investment policies and objectives; asset allocation studies; pension asset/liability modeling; endowment asset/spending formula modeling; investment performance evaluation; investment manager search; U.S., foreign, venture capital, LBO, private placement, futures/options and GIC consulting; and communication programs for defined contribution plan participants.

The firm has special expertise in asset allocation, asset/liability and endowment spending formula modeling, and analysis and evaluation of non-traditional investments.

Significant changes or developments in the past year include the additions of a senior consultant and an analyst, and the opening of a Chicago office.

Of the 49 tax-exempt clients on retainer, 21 are corporate, eight are public, 10 are union and 10 are foundation/endowment. The firm also provided services to 13 non-retainer tax-exempt clients during the past year, of which eight were corporate, two were union and three were foundation/endowment.

There are six professional consultants. Fees are payable in hard and soft dollars.

Clients include Blue Cross/Blue Shield of Minnesota, Great Lakes Protection Fund, Minnesota Teamsters and Super Valu Stores.

Jeffrey C. Slocum and Luke M. Collins are the client contacts.

Smith Barney, Harris Upham & Co. Inc.

1345 Avenue of the Americas, 26th Floor, New York, N.Y. 10105; (212) 698-6920

Smith Barney, Harris Upham & Co. Inc., a subsidiary of Primerica Corp., provides development of investment policies and objectives, and U.S. manager selection, performance measurement and analysis.

The firm offers the Asset Consulting Evaluator service, assisting portfolio managers with investment plans, manager searches and performance monitoring.

The firm has special expertise in servicing the small to midsize pension and profit-sharing plan market, emphasizing plans with assets between $500,000 and $10 million.

The firm has 425 non-retainer tax-exempt clients. The firm also provided services to 2,100 non-retainer, tax-exempt clients during the past year.

Fees are payable in hard and soft dollars.

Ruth J. Harris is the client contact.

Southern Plantations Group

2410 Westgate Blvd., P.O. Box 70967, Albany, Ga. 31707; (912) 439-0012

Southern Plantations Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and manager selection, performance measurement and analysis for farmland and timberland investments.

The firm has special expertise in domestic and international agriculture, agribusiness and timberland investments.

There are four professional consultants. Fees are payable in hard dollars.

Joseph H. Marshall is the client contact.

Stockton Capital Management Corp.

7373 N. Scottsdale Road, Suite A-277, Scottsdale, Ariz. 35253; (602) 483-8256

Stockton Capital Management Corp. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign and GIC manager selection, performance measurement and analysis.

The firm has special expertise in structuring investment management programs that use independent investment managers for small to medium-size bank trust departments.

Of the 24 tax-exempt clients on retainer, 21 are corporate, two are public and one is foundation/endowment.

There are three professional consultants. Fees are payable in hard dollars.

Vicki Bielli is the client contact.

Stratford Advisory Group

500 W. Madison St., Suite 2960, Chicago, Ill. 60606; (312) 902-1985

Stratford Advisory Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate and private placement manager selection, performance measurement and analysis.

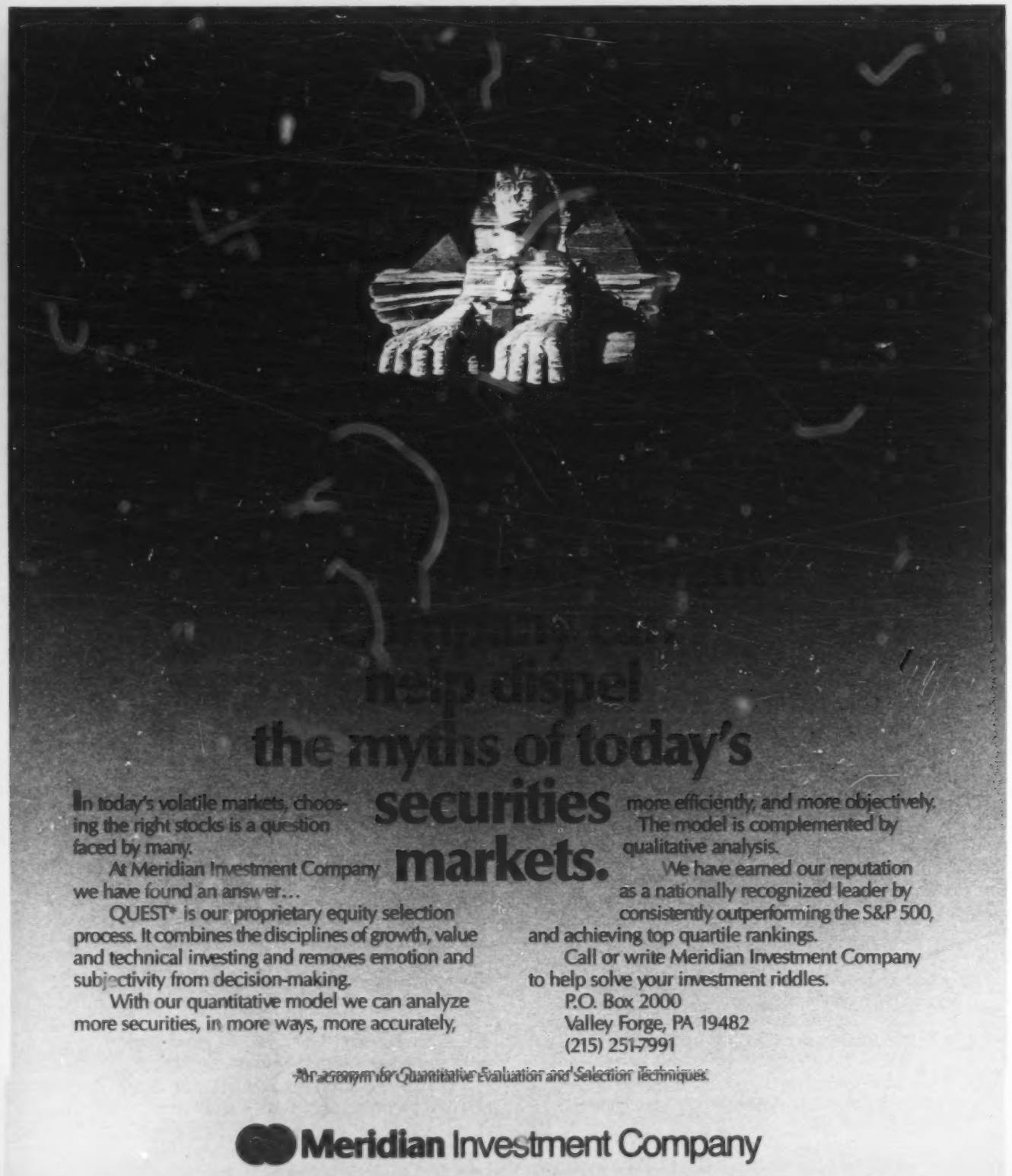
The firm also offers mutual fund management selection and performance analysis.

The firm has special expertise in strategic asset allocation and mutual funds management.

Significant changes or developments at the firm in the past year include staff expansions.

Of the 30 tax-exempt clients on retainer, 12 are corporate, one is public, three are union and 14 are foundation/endowment. The firm also provided services to four non-retainer tax-exempt clients during the past year.

There are seven professional consultants. Fees are payable in hard and soft dollars.


help dispel
the myths of today's
securities
markets.
In today's volatile markets, choosing the right stocks is a question faced by many.
At Meridian Investment Company we have found an answer...
QUEST* is our proprietary equity selection process. It combines the disciplines of growth, value and technical investing and removes emotion and subjectivity from decision-making.
With our quantitative model we can analyze more securities, in more ways, more accurately, more efficiently, and more objectively.
The model is complemented by qualitative analysis.
We have earned our reputation as a nationally recognized leader by consistently outperforming the S&P 500, and achieving top quartile rankings.
Call or write Meridian Investment Company to help solve your investment riddles.
P.O. Box 2000
Valley Forge, PA 19482
(215) 251-7991
*An acronym for Quantitative Evaluation and Selection Techniques
Meridian Investment Company

Clients include Knight-Ridder, PSI Energy, Fairchild Industries and the Sheet Metal Workers.
Daniel A. Weiss is the client contact.

T

The Townsend Group
1419 W. Ninth St., Cleveland, Ohio 44113; (216) 781-9090

The Townsend Group provides development of investment policies and objectives, and real estate manager selection, performance measurement and analysis.
The firm also offers property market studies, disposition/workout analysis, independent fiduciary services and strategic planning.
The firm has special expertise in institutional real estate, property-specific and portfolio analysis, real estate research, strategic and investment planning and performance measurement.
Significant changes or developments at the firm in the past year include the creation of a research department, which designs proprietary real estate reporting software and offers a data system that is a joint venture with the Wharton School monitoring real estate advisers and individual institutional real estate transactions.
Of the 13 tax-exempt clients on retainer, three are corporate and 10 are public.
There are eight professional consultants. Fees are payable in hard dollars.
Clients include Southern Service, City & County of San Francisco, the Illinois State Board and the Ohio Police & Firemen.
Kevin W. Lynch and Terrance R. Ahern are the client contacts.

TPF&C
950 E. Paces Ferry Road, Atlanta, Ga. 30326; (404) 365-1745

TPF&C provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements and futures/options manager selection, performance measurement and analysis. Manager selection and additional performance analysis is offered for GIC investments.
The firm has special expertise in asset/liability forecasting, defined contribution asset consulting, GIC consulting and global/international asset consulting.
Significant changes or developments in the past year include the addition of a Swiss office.
There are 45 professional consultants. Fees are payable in hard dollars.
Roger C. Bransford is the client contact.

Transaction Cost Management Inc.
117 10th Ave., San Francisco, Calif. 94118; (415) 668-3726

Transaction Cost Management Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager performance measurement and analysis.
The firm provides advice on establishing portfolio management and trading systems to the investment management industry.
It has special expertise in the establishment of portfolio and trading operations, and measurement and management of transaction costs, primarily for in-house pension fund management.
The firm provided services to two tax-exempt non-retainer clients during the past year, of which one was corporate and one was foundation/endowment.
There are two professional consultants. Fees are payable in hard and soft dollars.
Richard P. Shrieve is the client contact.

Tremont Partners Inc.
39 Pine St., New Canaan, Conn. 06840; (203) 966-4074

Tremont Partners Inc., a subsidiary of Lynch Corp., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, private placements and futures/options manager selection; U.S., foreign, private placements and futures/options performance measurement and analysis; and additional performance analysis for LBO investments.
The firm has special expertise in the evaluation of non-traditional managers, such as hedge funds and limited partnerships.
Of the four tax-exempt clients on retainer, three are corporate and one is public. The firm also provided services to 11 tax-exempt non-retainer clients during the past year, of which nine were corporate and two were foundation/endowment.
There are four professional consultants. Fees are payable in hard and soft dollars.
The firm offers several investment vehicles, including Tremont/Stolper International L.P. and Private Asset Management L.P.
Clients include the Town of Fairfield, Conn., ICMA Retirement and McGraw Hill.
Sandra Manzke and Mary Ann Johnson are the client contacts.

Investing in emerging markets will be highlighted in the March 4 issue.

V

Vantage Consulting Group
P.O. Box 1507, Virginia Beach, Va. 23451; (804) 491-2998

Vantage Consulting Group provides development of investment policies and objectives; development of appropriate asset allocation; U.S., real estate, private placements and futures/options manager selection; U.S., private placements and futures/options performance measurement; and additional performance analysis for U.S. and futures/options investments.
The firm has special expertise in developing defensively oriented investment strategies.
Of the three tax-exempt clients on retainer, one is corporate, one is public and one is union.
There are five professional consultants. Fees are payable in hard dollars.
William P. Deuchler is the client contact.

The worst deals of 1990: Jan. 7.

W

Washington Hackett, Smith
147 Carondelet St., Suite 1125, New Orleans, La. 70130; (504) 865-1118

Washington Hackett, Smith & Co. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placement, futures/options and GIC manager selection, performance measurement and analysis.
The firm has special expertise in emerging manager and emerging broker/dealer data bases.
The firm has three public fund clients on retainer. The firm also provided services to six public fund non-retainer clients during the past year.
There are three professional consultants. Fees are payable in hard and soft dollars.
Clients include the City of Seattle, Denver Board of Water Commissioners, Manhattan & Bronx Surface Transit Operating Authority and the State of Louisiana.
Melissa McWilliams-Smith is the client contact.

Wellesley Group Inc.
800 South St., Waltham, Mass. 02154; (617) 891-3636

Wellesley Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital and futures/options manager selection, performance measurement and analysis.
The firm provides manager peer group analysis and performance attribution analysis to the investment management industry.
The firm has special expertise in endowment/foundation spending policy development and asset/liability relationships for pension plans.
Of the 40 tax-exempt clients on retainer, 12 are corporate, two are public and 26 are foundation/endowment.
There are six professional consultants. Fees are payable in hard and soft dollars.
Clients include Chicago Transit Authority, Washington Suburban Sanitary Commission, University of Missouri and E.R. Carpenter.
Andrew D. Parrillo and Pamela A. Joachimi are the client contacts.

Wilshire Associates Inc.
1299 Ocean Ave., Suite 700, Santa Monica, Calif. 90401; (213) 451-3051

Wilshire Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, private placements and futures/options manager selection and performance measurement; additional analysis is provided for all categories except futures and options. Venture capital and LBO performance measurement also is offered.
The firm has special expertise in asset allocation, international performance measurement, and GIC and real estate consulting and manager selection.
Significant changes or developments in the past year include a change from partnership to corporation status, new real estate consultants and an increase in consulting and support staff.
Of the 69 tax-exempt clients on retainer, 37 are corporate, 22 are public and 10 are foundation/endowment.
Fees are payable in hard and soft dollars.
Clients include California Public Employees, Oregon Public Employes, the PBGC and Texaco.
Stephen L. Nesbitt is the client contact.

Wurts, Johnson & Co.
1111 Third Ave., Suite 1200, Seattle, Wash. 98101; (206) 622-3700

Wurts, Johnson & Co. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real es-

In 1981, MetLife acquired the Midland Mall, a 500,000-square-foot shopping center in Warwick, Rhode Island for our Tower Fund, an open-ended equity real estate account. It was a good investment, a sound property in a steady market with excellent demographics.

But its layout was dated. Our market research showed that customers spent more time at a newer, larger mall right across the road.

So MetLife renovated, floor to ceiling, inside and out. Made the interiors brighter and more inviting. Added upscale, fashion-conscious tenants. Added thousands of square feet of new leasing space with kiosks and a food court. And we gave the mall a new name: The Rhode Island Mall. We repositioned it with an aggressive marketing campaign including local print and television.

Sales soared. And as our merchant tenants became more profitable, our investment became more valuable.

In 1989, MetLife sold the mall for the Tower Fund, achieving a 21% internal rate of return.

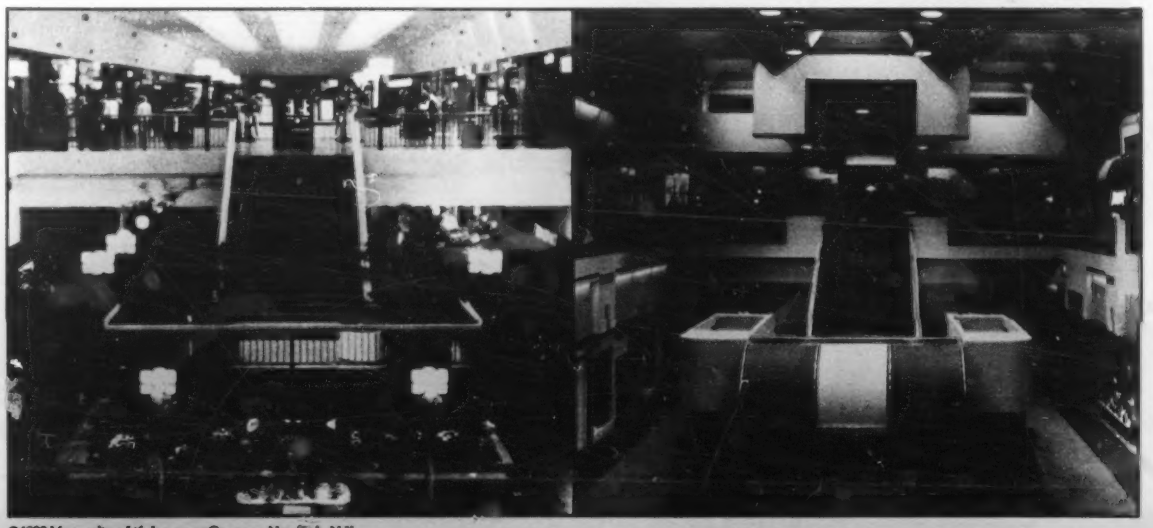
Our pension fund customers got a substantial financial gain, and the buyer got a handsomer, livelier and much more profitable mall.

The success is in the numbers.

For more information about Tower Fund, call Michael J. Walker, Assistant Vice-President, Pensions-Real Estate, Metropolitan Life Insurance Company, One Madison Avenue, New York, N.Y. 10010, (212) 578-3343.

HOW METLIFE TURNED A GOOD INVESTMENT INTO A BEST SELLER.

GET MET. IT PAYS.
MetLife
Real Estate Investments
Pension Fund Management. Mortgage Financing. Acquisitions. Purchase-leasebacks. Development.



© 1990 Metropolitan Life Insurance Company, New York, N.Y.

Fright

Continued from page 41

the demand for such work may have a general increase next year; fund sponsors may be treating this year's economic developments as a "fait accompli."

Funds that are having studies done now report a variety of reasons for their actions, and the reasons not necessarily tied to the economy.

The $201 million Richmond (Va.) Supplemental Retirement System is reviewing its investment strategy because several manager contracts are expiring next year and because the fund hasn't been greatly diversified to date, said Clara Lee, executive director. The fund is now divided among actively managed equities, actively managed bonds and dedicated bonds, but may need to diversify further, she said. The review, being done by Fiduciary Capital Advisors, Westfield, N.J., likely will be completed by the first of the year.

The $380 million Public Service Co. of Colorado pension fund, Denver, is having Hewitt's Santa Ana, Calif., office do an asset allocation study because the utility has a new pension committee, said Virginia Clarke, trust asset management director. Previous committees handled most of the work in-house, but the new committee felt more comfortable using an outside firm, Ms. Clarke said.

In studies that are going on, consultants said international/global investing and real estate are the areas getting the most scrutiny. Fund officers still are interested in international equities despite the asset category's relatively poor performance, while they are questioning the long-term prospects for real estate, Mr. Jones said.

Mr. Ezra added investors are finding more buying opportunities in international stocks now that Japanese equities are less overvalued. "With the Japanese market coming down, there is a silver lining," he said. Also, some clients are seeing troubles in the real estate market as opportunities, he said.

Mr. Schneider added international bonds have produced strong returns, piquing fund sponsors' interest.

The consultants also reported they aren't seeing any wholesale move to active equity management from indexing. "When we get the litmus test of a negative market, we don't see active managers doing any better," Mr. Nesbitt said, commenting on the conventional wisdom that while active managers may lag indexers in bull markets, they will outperform in bearish ones.

Indeed, in the third quarter, the median equity manager in the PIPER+ universe of *Pensions & Investments* had a drop of 15.3%, while the Standard & Poor's 500 Stock Index declined 13.9%.

There might be a move to more specialized index funds, but no big move away from indexing, Mr. Schneider added. ■

The best and worst deals of 1990 will be highlighted in the Jan. 7 issue of *Pensions & Investments*.

Callan

Continued from page 41

clients with $225 billion in assets — Callan should get reaction from many pension funds. While Callan's 31 consultants reiterate the pitfalls of each market and tell clients to expect negative numbers during down cycles, he said, they still express shock when down cycles actually happen.

Callan consultants, however, aren't recommending a shift to cash or other macroeconomic action to deal with a recession.

The firm's recommendation is to "stick with the strategic plan" and buy if the prices in a particular asset class fall so far as to push them below their strategic allocation to that asset class. Yet, "nobody likes a sale" and its difficult to get investors to buy in a down market, Mr. Peyton said.

Callan also recommends holding a steady course in global portfolios even with the threat of war in the Persian Gulf and Saddam Hussein's threat to destroy oil fields in Saudi Arabia.

Even if there are momentary shocks to the world's financial markets, Mr. Peyton said Callan feels there is a low probability of any substantial damage. If a war breaks out and is over quickly, the price of oil will "drop like a rock," he predicted.

What happens in the Persian Gulf or in London or Tokyo financial districts has become an increasing concern of Callan clients.

In the first 10 months of 1990, Callan's clients put more money into international markets, $3.8 billion, than they did from 1985 to 1989, $2.8 billion.

As one of the largest consultants in the nation, Callan's advice is heeded in pension board rooms across the nation. The financial world has grown in complexity, and Callan added eight consultants in 1989 to help trustees avoid financial pitfalls.

In addition, Callan has added real estate and international divisions. It has a professional staff of 100 people and a total staff of 150.

While some pension officers are complaining about the poor returns they are suffering in real estate — most real estate returned about 7% from 1985 to 1989 — Mr. Peyton said consultants shouldn't be blamed. Consultants warned pension trustees real estate moves in cycles and there are pitfalls in real estate investments.

Callan wouldn't recommend pulling out of the real estate asset class because that would be market timing, said Mr. Peyton.

However, Callan has recommended replacing real estate investment managers who underperform for their investment style.

To avoid sagging investment returns, some major corporate plans have included tactical asset allocation or short-term moves of assets in their decision-making. But Callan doesn't support the tactical asset allocation concept. Mr. Peyton said Callan has "not seen any evidence over the long run" that it works.

Many pension funds also are shifting billions of dollars into equity index funds. But Callan takes a more traditional view and doesn't recommend wholesale adoption of the method even though some pension officers contend most active investment advisers can't beat the indexes.

He agrees that for the past five years, the S&P 500 would have placed an investor in the top quartile of investment performance. But for the past 10 years the performance would be only median, and for 15 years the S&P index's performance is in the third quartile in Callan's performance universe, he added.

He predicted indexing assets will lose popularity when active managers again repeatedly beat the indexes, and that could happen in a down market, he said.

Mr. Peyton finds fault with consultants who manage money as well as consult to pension funds. Consultants with money management units show a "perceived bias" and mistakenly "telegraph" the identity of managers clients think the consultant prefers.

In reality, the manager chosen by the consultant to run money might be wrong for some of its clients. The proper selection should be based on the needs and objectives, such as particular risk level, for the client.

Mr. Peyton defends consultant practices of selling products to the same money managers whom they might recommend to clients. He doesn't see it as a conflict of interest. Money managers need as much help and advice as pension clients, he noted.

Mr. Peyton said many consultants aren't being paid enough money. To critically assess a money manager's appropriateness for a client requires extensive back office support, which squeezes consulting profits.

A manager search might bring a consultant $20,000 in fees. While pension clients might complain about the consulting fee, the selection is for a manager who might be paid $2 million in fees each year, Mr. Peyton said.

Many fees to consultants are paid in soft dollars. Some federal officials think the method of soft dollar payments will eventually be eliminated. But Mr. Peyton believes that won't happen until brokerage services become unprofitable. ■

Groups

Continued from page 41

rangements toward a fee-based system, and credits IMCA with furthering that effort. "Right now, there is more than a simple majority of broker-consultants that are already fee based," he said.

Mr. Bott said he regrets the acrimony surrounding the split in 1985 but believes the two groups can coexist and serve distinct markets.

"They have a lot of money managers participating in their organization," Mr. Bott said, one of the principal reasons behind the split. "They have zeroed in on the upper tier of the consulting community. We identify, train and certify the middle market and the smaller consulting firm clientele. Our target is primarily people who are part of major regional brokerage firms and independent consulting firms with three to five professional staff members."

The IIMC has certified 65 consultants through its program so far. The IIMC designation is the Certified Investment Management Consultant. The IIMC education program is a home-study effort "similar to the Certified Financial Analyst program," Mr. Bott said, and "is the only course of its type which takes someone who is in the consulting field who wants academic training in the area."

But the professional efforts of both groups do not have the unanimous support of the consulting industry.

One independent consultant said the programs "lack legitimacy" because most of the membership is made up of broker-related consultants.

"They are providing a worthy service and are looking for collective legitimacy by bringing more legitimacy to brokerage consulting. I really don't think much of this group (IMCA), but I know it is growing. At the end of the day they are still brokers and transaction-oriented," he said. ■

"OUR SCOPE IS NATIONAL. OUR EXPERIENCE IS LOCAL. THAT'S WHY WE MANAGE TO SUCCEED."

At R&B, we learned a long time ago that real estate is a uniquely local business. That's why we attract, hire and train the best local talent in your market. Then we back them with the strength, depth and buying power of a national organization.

With 28 years of experience, through eight regional offices and in more than 80 individual locations, our national capabilities work for you and your property where it counts... on the local level.

In office, industrial and retail centers we are the local experts in leasing, property management and asset management.

And now, you can reach us at our West Coast headquarters and our new East Coast branch office.

R&B REALTY GROUP

THE PROFIT ABILITY PROFESSIONALS

William C. Wetzel / Vice President
213/444-2233
(Los Angeles, CA)

Richard A. Ross / Vice President
703/823-8889
(Alexandria, VA)

Outside California (800) 634-2888

tate, venture capital, private placements, futures/options and GIC manager selection and performance measurement; and additional performance analysis for U.S., foreign, real estate, venture capital and GIC investments.

The firm has special expertise in asset/liability work and 401(k) investment option analysis.

Significant changes or developments at the firm in the past year include the establishment of a Los Angeles office, and the addition of Dale Stevens.

Of the 83 tax-exempt clients on retainer, 54 are corporate, four are public, 12 are union and 13 are foundation/endowment. The firm also provided services to nine tax-exempt non-retainer clients during the past year, of which five were corporate, one was public, one was union and two were foundation/endowment.

There are five professional consultants. Fees are payable in hard and soft dollars.

Clients include Nordstrom, Alaska Airlines, Anchorage Police & Fire and California Bankers Association.

The client contacts are Brian Cathcart in Seattle and Adele Berwanger in Los Angeles.

Wyatt Asset Services Inc.
303 W. Madison St., Chicago, Ill. 60606; (312) 704-0600

Wyatt Asset Services Inc., a subsidiary of The Wyatt Co., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., foreign, real estate, venture capital, LBO, private placement, futures/options and GIC manager selection; U.S., foreign and GIC investment performance measurement; and additional performance analysis is available for U.S. and GIC managers.

The firm also offers asset/liability modeling.

The firm has special expertise in asset/liability analysis, manager selection and GIC consulting.

Significant changes or developments at the firm in the past year include development of a global investment consulting service and a PC version of the asset/liability model.

Of the 65 tax-exempt clients on retainer, 43 are corporate, three are public, 17 are union and two are foundation/endowment. The firm also provided services to 75 non-retainer tax-exempt clients during the past year, of which 53 were corporate, two were public, 16 were union and four were foundation/endowment.

There are 18 professional consultants. Fees are payable in hard dollars.

Philip Schneider is the client contact.

Yanni-Bilkey Investment Consulting Co.
2500 Grant Building, Pittsburgh, Pa. 15219; (412) 232-1000

Yanni-Bilkey Investment Consulting Co. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., foreign, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection. Performance measurement and analysis is offered for U.S., foreign, real estate, futures/options and GIC managers; additional performance analysis also is offered for private placements.

The firm offers proprietery software that permits a detailed analysis of how results were achieved.

The firm provides the GRID and CASH statistical data base services to the investment management industry.

The firm has special expertise in servicing hospitals, its data base of cash-managed portfolios and GIC evaluation and mutual fund statistics.

Significant changes or developments at the firm in the past year include the incorporation of Yanni-Bilkey Asset Planning and Yanni-Bilkey GIC Corp.

Of the 95 long-term, non-retainer clients, 65 are corporate, eight are public, six are union, 10 are foundation/endowment and six are in other categories. The firm also provided services to 12 tax-exempt non-retainer clients during the past year, of which seven were corporate, two were public, two were union and one was "other."

There are nine professional consultants. Fees are payable in hard and soft dollars.

Clients include the City of Pittsburgh, UniHealth America, Duquesne Light, Coopers and Lybrand and Wisconsin Power & Light.

James E. Yanni and Terry Bilkey are the client contacts.